Financial Condition Report

2023

Swiss Re Ltd

Swiss Re Ltd is the holding company of the Swiss Re Group. Its shares are listed in accordance with the International Reporting Standard on SIX Swiss Exchange and traded under the symbol SREN.

Contents

Introduction

About this report

Scope and requirements

This Financial Condition Report (Report or Financial Condition Report) is a mandatory public disclosure for Swiss regulated re/insurance entities required by Art. 111a and Art. 203a of the Insurance Supervision Ordinance (ISO) and FINMA Circular 2016/2 Disclosure – insurers (Circular). This Report includes qualitative and quantitative information on business activities, performance, risk management and the Swiss Solvency Test (SST) information of the Swiss Re Group (Group) as well as its Swiss regulated re/insurance entities: Swiss Reinsurance Company Ltd (SRZ), Swiss Re Nexus Reinsurance Company Ltd (SRN), Swiss Re International SE, Luxembourg, Zurich branch (SRI SE Zurich branch) and iptiQ EMEA P&C S.A., Luxembourg, Zurich branch (iptiQ EMEA P&C Zurich branch). A large part of the required information included in the Report is available in other public disclosures provided by Swiss Re, such as the Group's Financial Report, available under *www.swissre.com/investors/financial-information*. Readers of this Report should also consult these public disclosures. Information not included in other publicly available disclosures can be found mainly in the valuation and solvency sections of this Report.

Cautionary note on the Financial Condition Report

The preparation of the SST information requires management to make a number of estimates and assumptions. The valuation of assets and liabilities reflects best estimates of underlying cash flows (eg premiums, claims, commissions, expenses, etc), using models and taking into consideration all relevant information available at the relevant balance sheet date. In line with other valuation methods based on projections of future cash flows, economic valuations involve significant judgement when establishing which assumptions to use. The Group and its Swiss regulated re/insurance entities/branches actively and carefully review assumptions, selecting those that are considered most appropriate and seeking consistency among business activities. Valuations are updated at each balance sheet date as experience develops and more information becomes available. In-force business assets and liabilities include estimates for premiums as well as claims and benefit payments not yet received from ceding companies at the balance sheet date. In addition, the Group and its Swiss regulated re/insurance entities have certain assets and liabilities for which liquid market prices are not available.

All of the foregoing estimates are determined on a market-consistent basis using all relevant information available at the time of valuation. However, actual results could differ significantly from these estimates.

Please see also the *Cautionary note on forward-looking statements* and the *Note on risk factors* in this Report.

The financial information included in this Report is based on the following accounting frameworks:

- The consolidated financial statements of the Group are prepared in accordance with US Generally Accepted Accounting Principles (US GAAP) and reported in US dollars. With the adoption of IFRS as the new accounting basis as of 2024, Swiss Re will discontinue reporting in US GAAP with effect from the financial year starting 1 January 2024.
- The statutory financial statements of Swiss regulated legal entities are prepared in accordance with Swiss law and reported in Swiss francs (they are converted into US dollars for the SST balance sheet comparison with Swiss statutory balance sheet).
- SST information uses Swiss Re's internal model which has been approved by FINMA.
- The internal Economic Value Management (EVM) framework has been the basis for preparing the SST balance sheets until and including SST 2024 as both frameworks are based on market-consistent valuation principles. Valuation differences between EVM and SST mainly affect capital costs and deferred taxes. With the adoption of International Financial Reporting Standards (IFRS) as the new accounting basis as of 2024, Swiss Re will discontinue EVM reporting with effect from the financial year starting 1 January 2024. EVM was the Group-proprietary integrated economic valuation and steering framework, consistently measuring economic performance across all businesses. EVM and SST financial statements are reported in US dollars.

The risk exposure basis for the SST 2024 numbers in this Report is a projection for the period from 1 January to 31 December 2024 and is based on the economic balance sheet as of 31 December 2023. Potential SST model or data limitations identified during the SST process are reported to FINMA as part of the SST Report 2024 with an impact assessment whenever possible.

In accordance with the update of the ISO regulation with effect from 1 January 2024, the SST ratio calculation as well as the definition of the SST risk-bearing capital, SST target capital and SST net asset value have changed. These changes have no impact on the value of the SST ratio. Please see the *Methodology and valuation* section in the Appendix for further information.

All comparative solvency information is based on the SST Report 2023 filed with FINMA in April 2023. For comparability purposes only, the previous year's SST ratio, SST risk-bearing capital and SST target capital are restated to reflect the new definitions in the ISO with effect from 1 January 2024.

The reported solvency information as of 1 January 2024 (SST 2024) is consistent with the information provided in the SST Report 2024 for Group, SRZ and SRN. The SST Report 2024 is filed with FINMA in April 2024 and is subject to FINMA's review and approval.

Figures are rounded to the number of digits displayed in this Report. Due to rounding, numbers presented throughout this Report may not add up precisely to the totals provided and percentages may not precisely reflect the rounded figures as shown in the Report.

Audit

This Report has not been audited. The US GAAP financial statements of the Group and the statutory financial statements of Swiss Re Ltd and its Swiss regulated re/insurance entities/branches are audited. Please refer to the reports of the statutory auditor referenced in this Report.

Swiss Re Group

Management summary

Swiss Re maintains a strong capital position, with the Group SST 2024 ratio increasing by 12pp to 306% compared to SST 2023. The increase was mainly driven by positive investment and underwriting contributions as well as higher short-term interest rates, partially offset by dividends, subordinated debt buyback and higher financial market risk.

Prior to SST 2024, the ratio was calculated as SST risk-bearing capital (SST RBC) minus market value margin (MVM), divided by SST target capital (SST TC) minus market value margin.

In accordance with the update of the Insurance Supervision Ordinance (ISO) regulation with effect from 1 January 2024, the SST 2024 ratio is calculated as SST risk-bearing capital divided by SST target capital, with both components having new definitions:

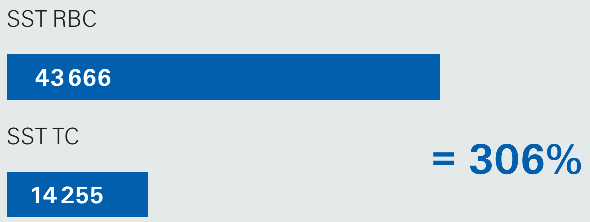
- SST RBC is lower under the new ISO because it includes a deduction for market value margin.
- SST TC is lower under the new ISO because market value margin is not included any more.

These changes have no impact on the value of the SST ratio.

This Report provides qualitative and quantitative information about the financial condition of the Group. This Report includes financial and risk management information already published in the *Group's 2023 Financial Report* available under *www.swissre.com/investors/financial-information*.

Solvency overview

Group SST 2024 in USD millions



Group SST 2023 in USD millions
based on new ISO

SST RBC: SST risk-bearing capital
SST TC: SST target capital

Business activities	In this section, we provide information about the Group's business model, the strategy and significant events. > *Read more*
Performance	We present the performance of the year under review based on the US GAAP financial statements. > *Read more*
Governance and risk management	This section provides an overview of the system of governance, key governing bodies, risk management systems and policies. > *Read more*
Risk profile	The main components of the total risk calculated under SST are discussed in this section. > *Read more*
Valuation	In this section, we provide the SST balance sheet and additional quantitative and qualitative explanations on differences to the US GAAP audited financial statements of the Group. > *Read more*
Capital management	The Group's capital management strategy and key changes in 2023 are discussed in this section. > *Read more*
Solvency	This section presents the SST calculation for the Group and includes explanations on changes relative to the prior year. > *Read more*

Business activities

Business information

For information on the Group strategy, please see the section *Vision and strategy* in the 2023 Business Report on pages 18 and 19.

For information on the Group structure and shareholders, please see the *Group structure and shareholders* section in the 2023 Financial Report on pages 74 and 75.

For information on *net premiums earned and fee income from policyholders* by geography, see Note 2 to the financial statements included in the 2023 Financial Report on page 168.

For information on the *Group´s significant subsidiaries and equity investees*, see Note 20 to the financial statements included in the 2023 Financial Report on pages 233–235.

For information on the *Group´s use of special purpose vehicles*, see Note 21 to the financial statements (including all material balances related to variable interest entities) included in the 2023 Financial Report on pages 236–239.

Significant events

For information on significant events and disposals, please refer to the *Information policy section* on page 103 and *Note 10* to the financial statements (Disposals) included in the 2023 Financial Report on page 213.

Report of the statutory auditor

In 2023, KPMG AG was the auditor of Swiss Re Ltd and its subsidiaries. For more information on the Group´s auditor, please see the section *External auditors* in the 2023 Financial Report on pages 101 and 102. The *audit report of the statutory auditor* can be found in the 2023 Financial Report on pages 135–137.

Performance

The Group publicly discloses detailed financial results in the 2023 Financial Report (available on *www.swissre.com/investors/financial-information*). Please refer to the following specific sections for more information:

- *Summary of financial statements* on pages 14–15
- *Group results* on pages 16–19
- *Income statement* on page 140
- *Statement of comprehensive income* on page 141
- *Note 7 on Investments* on pages 190–199

Governance and risk management

Board of Directors and Executive Management

For information on the composition of the Board of Directors and Executive Management of Swiss Re Ltd as the ultimate parent company of the Group, see sections relating to the *Board of Directors* and *Executive Management* in the 2023 Financial Report on pages 78–91 and 92-98.

Governance and risk management

All information on *Swiss Re's risk management and risk governance* is publicly disclosed in the 2023 Financial Report, pages 44–69.

Swiss Re's Risk Management function is embedded throughout the Group and is an integral part of Swiss Re's business model. Risk Management is mandated to ensure that the Group and its legal entities have the necessary expertise, frameworks and infrastructure to support good risk-taking. In addition, Risk Management monitors and ensures adherence to applicable frameworks.

All risk-related activities, regardless of the legal entity in which they are undertaken, are subject to Swiss Re's risk management framework, which comprises the following major elements:

- *Risk policy and risk governance documentation*; see 2023 Financial Report, page 53-54.
- *Key risk management principles*; see 2023 Financial Report, page 54.
- *Risk culture*; see 2023 Financial Report, page 55.
- *Organisation of risk management*; see 2023 Financial Report, pages 56–57.
- *Risk control framework*; see 2023 Financial Report, page 57.
- *Management of risk categories*; see 2023 Financial Report, pages 60–61.
- *Risk appetite framework*; see 2023 Financial Report, page 58.

Swiss Re's internal risk model provides a meaningful assessment of the risks to which the Group is exposed and is an important tool for managing the business. It determines the capital requirements for internal purposes and forms the basis for regulatory reporting under the SST and under Solvency II.

For more information, please see the *Internal control system and risk model* section in the Risk management (Online Only) download of the 2023 Financial Report.

Swiss Re identifies and evaluates emerging threats across all risk categories through a systematic framework that includes the assessment of potential surprise factors that could affect known loss potentials.

- Swiss Re is exposed to a broad *risk landscape*, see 2023 Financial Report, pages 60–61.

- Insurance risk management involves identifying, assessing and controlling risks that Swiss Re takes through its underwriting activities, including related risks such as lapse, inflation or uncertainty in pricing and reserving. For details on our *insurance risk management for property and casualty risks as well as life and health risks*, see 2023 Financial Report, pages 62–63.

- Financial risk management involves identifying, assessing and controlling risks inherent in the financial markets as well as counterparty credit risks, while monitoring compliance with Swiss Re's risk appetite and risk management standards. For details on our *financial risk management for financial market risks as well as credit risks*, see 2023 Financial Report, pages 64–65.

Swiss Re also assesses *other risks* such as liquidity risk, operational risk, strategic risk, regulatory risk, political risk, model risk, valuation risk, sustainability risk and emerging risk. These risks are not explicitly part of the Group's economic capital requirement, but are actively monitored and controlled due to their significance for Swiss Re. For more information, see 2023 Financial Report, pages 66–69.

Climate-related financial disclosure

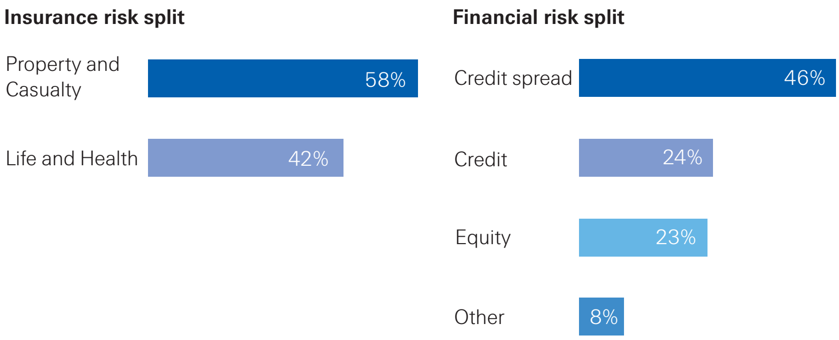
Swiss Re regularly assesses the actual and potential impacts of climate-related risks and opportunities on its business, strategy and financial planning. Information on the Group's climate-related financial disclosures are published in the *2023 Sustainability Report.*
Please refer to the following specific sections for more information:
- Governance structure related to climate-related financial risks (FINMA Circular 2016/2 MN 13.3), 2023 Sustainability Report on page 59
- Climate-related financial risks (FINMA Circular 2016/2 MN 13.4), 2023 Sustainability Report on pages 59–66 and 73–74
- Climate risk management (FINMA Circular 2016/2 MN 13.5), 2023 Sustainability Report on pages 77–79
- Climate metrics and targets (FINMA Circular 2016/2 MN 13.6), 2023 Sustainability Report on pages 80–86
- Criteria and valuation methods for determining materiality of climate-related risks (FINMA Circular 2016/2 MN 13.7), 2023 Sustainability Report on pages 59, 68–71, 78–79 and 81

Risk profile

Swiss Re is exposed to insurance and financial risks that are calculated in its internal risk model, as well as other risks that are not explicitly part of the economic capital requirement but are actively monitored and controlled due to their significance for Swiss Re. These include operational, liquidity, model, valuation, regulatory, political, strategic and sustainability risks (see *Swiss Re's risk landscape*, 2023 Financial Report, pages 60–61).

Property and casualty risk is mainly driven by underlying risks inherent in the business Swiss Re underwrites, in particular non-life claims inflation, natural catastrophe, man-made and costing and reserving risk. The main drivers of life and health insurance risk are lethal pandemic and mortality trend risk.

The Group's financial risk derives from financial market risk as well as from credit risk. Key drivers of financial market risk are credit spread and equity risk. Credit risk is mainly driven by the credit & surety business, and by default risk on capital market products.



Total risk

Total risk is based on 99% tail value-at risk (tail VaR) and represents the average unexpected loss that occurs with a frequency of less than once in 100 years over a one-year time horizon.

USD millions	SST 2023[1]	SST 2024	Change
Property and casualty	13679	13788	109
Life and health	9310	9866	556
Financial market	7882	9729	1848
Credit[2]	3056	3464	408
Diversification	–14953	–16638	–1684
Total risk	**18974**	**20210**	**1236**

[1] The update to the ISO as of 1 January 2024 does not impact the SST 2023 capital requirements in this table.
[2] Credit comprises credit default and migration risk from both asset management and underwriting. It excludes credit spread risk, which is part of financial market risk.

Total risk increased to USD 20.2 billion, mainly driven by higher financial market risk. The shift led to an increase in diversification at risk category level.

- The slight increase in property and casualty risk is mainly driven by higher reserve volatilities impacting the costing & reserving risk, partially offset by a reduction in natural catastrophe and cyber risks.
- Higher life and health risk mainly reflects business growth in the US resulting in higher exposure to mortality trend and lethal pandemic risk. The increase is further driven by the impact on exposure of reviewability parameter updates and lower interest rates.
- Financial market risk increased significantly mainly due to corporate bond purchases and the reduction in investment hedges.

- The significant increase in credit risk is driven by new business in credit & surety, the unwinding of investment hedges and corporate bond purchases.

Swiss Re's internal model takes account of the accumulation and diversification between individual risks. The effect of diversification at the risk category level, shown in the table above, represents the difference between total risk (the Group's 99% tail VaR) and the sum of standalone tail VaR amounts for the individual risk categories. This amount does not reflect diversification within risk categories. The extent of diversification is largely determined by the selected level of aggregation – the higher the aggregation level, the lower the diversification effect.

Operational risk

Swiss Re uses a Group-wide risk matrix methodology and own Global Risk Register to capture operational risks. The matrix focuses on risks approaching or exceeding Swiss Re's own risk tolerance as they require management actions. Adherence to risk tolerance is monitored and reported at least on a quarterly basis. The overall control environment within Swiss Re Ltd remains adequate.

Current key focus areas of the Group's operational risk management include: further enhancing Swiss Re's cyber security and business resilience, regularly assessing the availability and dependency on qualified and skilled employees, and increased oversight of the risks resulting from the transition to International Financial Reporting Standards (IFRS).

Other significant risks

For details on other significant risks, including liquidity, model, valuation, regulatory, political, strategic and sustainability risks, see the Group's 2023 Financial Report sections on *Liquidity management* on page 52, *Swiss Re's risk landscape* on pages 60–61, and *Management of other significant risks* on pages 66–69.

Risk concentration

Swiss Re uses 99% tail VaR to measure its risk concentrations. Additionally, risk concentrations are also measured via value at risk calculations for major natural catastrophe scenarios with a 200-year return period and stress calculations for credit default, as well as sensitivities to key financial market parameters.

The tables below provide details on potential annualised unexpected losses from insurance peak scenarios with a return period of 200 years as well as the potential annualised unexpected loss from a credit default event. The financial risk sensitivities are shown in terms of their impact on the SST ratio.

In SST 2024, the largest natural catastrophe exposure for Swiss Re Group derives from the Atlantic hurricane scenario with a USD 5.9 billion loss. Lethal pandemic and credit default losses are estimated to be at USD 3.8 billion and USD 2.7 billion, respectively.

Insurance risk stress tests: Annualised unexpected loss, 99.5% VaR in USD millions	SST 2024
Atlantic hurricane	5 893
Californian earthquake	4 243
European windstorm	2 977
Japanese earthquake	2 602
Lethal pandemic	3 778

Excluding earned premiums for business written and reinstatement premiums that could be triggered as a result of the event.

Credit risk stress test: Annualised unexpected loss, 99.5% VaR in USD millions	SST 2024
Credit default	2 657

Excluding earned premiums for business written and reinstatement premiums that could be triggered as a result of the event.

Among the financial market sensitivities shown below, the Group SST ratio is most sensitive to a 50-basis-point decrease in interest rates, which would result in an estimated decrease in the SST ratio of 13 percentage points. The SST 2024 ratio is insensitive to equity shocks, because their relative impact on the numerator (SST RBC) and on the denominator (SST TC) is about the same.

Financial market SST ratio sensitivities	SST 2024
Interest rate +50bps	12pp
Interest rate –50bps	–13pp
Credit Spreads +50bps	–8pp
Credit Spreads –50bps	8pp
Equity values +25%	0pp
Equity values –25%	0pp
Real estate values +25%	8pp
Real estate values –25%	–8pp

Risk mitigation

Swiss Re manages and controls its risks through an extended limit framework. The Group employs internal retrocession and funding agreements to efficiently manage capital across Swiss Re and ensure that risk-taking in individual legal entities is well diversified. Insurance risks are also mitigated through retrocession, insurance risk swaps or transferring risk to capital markets. For financial risks, Swiss Re uses financial market derivative instruments as well as financial market securities to hedge financial market and credit risk.

Valuation

SST balance sheet

The SST balance sheet is prepared based on the same market-consistent valuation principles as applied in Swiss Re's internal Economic Value Management (EVM) framework. Until and including SST 2024, EVM is used as a basis for preparing the SST balance sheet and valuation adjustments to EVM mainly affect capital costs and deferred taxes. With the adoption of International Financial Reporting Standards (IFRS) as the new accounting basis as of financial year 2024, Swiss Re will discontinue EVM reporting.

The comparative SST 2023 balance sheet below reflects the new requirements in accordance with the ISO with effect from 1 January 2024. The difference between assets and liabilities is defined as the market conform value of assets minutes market conform value of liabilities, which is the basis for the calculation of the SST risk-bearing capital (RBC).

The SST valuation methodology is further described in the > *Appendix* of this Report.

USD millions		Notes	SST 2023 based on new ISO	SST 2024	Change
Market conform value of investments	Real estate		5738	5518	–219
	Participations				n/a
	Fixed-income securities	1	74474	77067	2592
	Loans		2470	3177	707
	Mortgages		1569	1727	158
	Equities	2	2109	149	–1960
	Other investments		**13779**	**15102**	**1323**
	Collective investment schemes				n/a
	Alternative investments		4804	5183	379
	Structured products				n/a
	Other investments	3	8975	9919	944
	Total investments		**100139**	**102740**	**2601**
Market conform value of other assets	Financial investments from unit-linked life insurance		330	325	–5
	Receivables from derivative financial instruments		365	367	2
	Deposits made under assumed reinsurance contracts	4	17178	18402	1224
	Cash and cash equivalents	5	4073	4582	509
	Reinsurers' share of best estimate of provisions for insurance liabilities		**5149**	**4974**	**–175**
	Direct insurance: life insurance business (excluding unit-linked life insurance)		294	–6	–300
	Reinsurance: life insurance business (excluding unit-linked life insurance)		997	1177	180
	Direct insurance: non-life insurance business		2315	2875	560
	Direct insurance: health insurance business				n/a
	Reinsurance: non-life insurance business		1520	905	–614
	Reinsurance: health insurance business				n/a
	Direct insurance: other business				n/a
	Reinsurance: other business				n/a
	Direct insurance: unit-linked life insurance business				n/a
	Reinsurance: unit-linked life insurance business		23	23	0
	Fixed assets		67	59	–8
	Deferred acquisition costs				n/a
	Intangible assets				n/a
	Receivables from insurance business	6	18008	18967	959
	Other receivables		1622	2455	833
	Other assets	7	5793	8060	2267
	Unpaid share capital				n/a
	Accrued assets		64	45	–18
	Total other assets		**52650**	**58238**	**5588**
Total market conform value of assets			**152789**	**160978**	**8188**

USD millions		Notes	SST 2023 based on new ISO	SST 2024	Change
Market conform value of liabilities (including unit linked life insurance)	**Best estimate of provisions for insurance liabilities**		**86 095**	**89 068**	**2 973**
	Direct insurance: life insurance business (excluding unit-linked life insurance)	8	707	149	–558
	Reinsurance: life insurance business (excluding unit-linked life insurance)	9	15 987	16 669	682
	Direct insurance: non-life insurance business	10	15 032	16 679	1 647
	Direct insurance: health insurance business				n/a
	Reinsurance: non-life insurance business	11	54 369	55 571	1 202
	Reinsurance: health insurance business				n/a
	Direct insurance: other business				n/a
	Reinsurance: other business				n/a
	Best estimate of provisions for unit-linked life insurance liabilities		**1 767**	**1 888**	**121**
	Direct insurance: unit-linked life insurance business				n/a
	Reinsurance: unit-linked life insurance business		1 767	1 888	121
	Market value margin	12	7 835	7 875	39
Market conform value of other liabilities	Non-technical provisions		2 473	3 021	547
	Interest-bearing liabilities		4 827	4 207	–620
	Liabilities from derivative financial instruments		423	505	82
	Deposits retained on ceded reinsurance		990	1 250	261
	Liabilities from insurance business		1 024	1 868	843
	Other liabilities	13	3 704	4 854	1 150
	Accrued liabilities		313	297	–17
	Subordinated debts		6 456	6 271	–185
Total market conform value of liabilities			**115 908**	**121 103**	**5 195**
Market conform value of assets minus market conform value of liabilities			**36 881**	**39 875**	**2 994**

Notes
1. The increase in fixed income securities was mainly driven by credit investments reflecting net purchases and credit spread tightening, partially offset by net sales of government bonds.
2. Decrease in equities reflected reduction of listed equity exposure.
3. The increase in other investment reflected a higher allocation to private debt as well as appreciation within the private equity portfolio.
4. The increase in deposits made under assumed reinsurance contracts was mainly due to higher funds withheld in property and casualty. This was further driven by mortality experience and assumption updates in Asia as well as profitability and volume updates on disability insurance business in EMEA.
5. The increase in cash and cash equivalents was driven by an increase in short-term exposure.
6. The increase in receivables from insurance business was mainly driven by growth in selected focus portfolios in Corporate Solutions, in particular property and credit & surety, and adjustments related to medical business in Ireland.
7. The increase in other assets reflected mainly increased purchase of securities due to higher funding activity.
8. The reduction in net best estimate of provisions for direct life insurance business (excluding unit-linked life insurance) mainly reflected a reclassification of medical business in Ireland from life to non-life business (see also Note 10).
9. The increase in best estimate of liabilities for reinsurance life business (excluding unit-linked life business) was mainly driven by adverse assumption updates for critical illness business in Asia.
10. The increase in net best estimate of provisions for direct non-life insurance liabilities was primarily due to a reclassification of medical business in Ireland from life to non-life business (see also Note 8).
11. The increase in best estimate of provisions for reinsurance non-life liabilities was driven by unfavourable experience on US casualty business and natural catastrophe losses, such as earthquake in Turkey and Syria. These were partially offset by reserve releases in property and specialty.
12. The market value margin is added as a liability in accordance with Art. 30 para. 2 ISO. The market value margin remained stable as the impact of lower interest rates in most major currencies is offset by parameter updates in mortality trend and critical illness.
13. The increase in other liabilities reflected mainly increased securities lending due to higher funding activity.

SST balance sheet comparison with US GAAP

The SST balance sheet comparison with the audited financial statements provides insights into the main valuation and scope differences.

An overview of the main valuation and scope differences and the definition of the aggregated line items are included in the > *Appendix* of this Report.

Assets

USD millions	US GAAP	SST	Difference
Real estate	2 905	5 518	2 613
Investments in subsidiaries and affiliated companies			n/a
Fixed income securities	77 212	77 067	−145
Loans	3 186	3 177	−9
Mortgages	1 848	1 727	−121
Equity securities	156	149	−7
Other investments	21 441	15 102	−6 339
Investments for unit-linked and with-profit business	325	325	0
Cash and cash equivalents	4 583	4 582	−1
Funds held by ceding companies and other receivables from reinsurance	35 255	37 369	2 114
Reinsurance recoverable from retrocessions	6 104	4 974	−1 130
Other assets	26 561	10 987	−15 574
Total assets	**179 576**	**160 978**	**−18 598**

Real estate

Differences in valuation: In SST, real estate is measured at market value, while under US GAAP real estate is carried at depreciated cost.

Other investments

Differences in scope: In SST, some public equity investment funds are classified as part of the equity securities. In US GAAP, public equity investment funds are classified as equity securities. Derivatives and securities lending are disclosed under other assets for SST reporting. For US GAAP, derivatives and securities lending are reflected in other investments.

Differences in valuation: Equity accounted investments in private equity and hedge funds are valued at fair value in SST. US GAAP generally values such investments utilising net asset values subject to adjustments, as deemed necessary for restrictions on redemption.

Funds held by ceding companies and other receivables from reinsurance

Differences in valuation: In SST, funds held for which an interest is credited are valued by discounting future estimated cash flows at risk-free rates. Under US GAAP, funds held are generally accounted for at face value including accrued interest.

Re/insurance recoverable from retrocessions

Differences in valuation: Same principles apply as for re/insurance liabilities before retrocession described below.

Other assets

Differences in scope: Derivative and securities lending agreements assets are included in other assets for SST, whereas in US GAAP they are reported as part of other investments.

Differences in valuation: SST does not recognise deferred taxes, deferred acquisition costs, goodwill and other intangibles, which are reported in US GAAP.

Liabilities

USD millions	US GAAP	SST	Difference
Re/insurance liabilities before retrocession	123 625	96 943	–26 682
Unit-linked and with-profit liabilities	4 775	1 888	–2 887
Debt	9 817	10 478	661
Funds held under reinsurance treaties	8 460	1 250	–7 210
Other liabilities	16 528	10 544	–5 984
Total liabilities	**163 205**	**121 103**	**–42 102**

Re/insurance liabilities before retrocessions

Differences in scope: SST includes universal life type contracts under re/insurance liabilities. US GAAP discloses those contracts in policyholder account balances. As referred to in the table in the appendix, policyholder account balances for US GAAP are part of unit-linked business for the comparison. US GAAP accounts for those are reported under unit-linked liabilities. SST includes here also the market value margin, i.e. the minimum cost of holding capital after the one-year SST period until the end of a potential run-off period. There is no market value margin under US GAAP.

Differences in valuation: In SST, re/insurance liabilities are valued using best estimates for both life and non-life business. US GAAP uses locked-in assumptions and makes allowance for possible adverse deviation for certain life business. Further differences arise from different treatment of discounting under the two frameworks. SST generally discounts all estimated cash flows based on current risk-free rates, whereas US GAAP does not discount for non-life business and generally uses locked-in historical discount rates to discount life business liabilities.

Unit-linked and with-profit liabilities

Differences in scope: SST unit-linked liabilities are compared with US GAAP policyholder account balances which include generally universal life type contracts in addition.

Debt

Differences in scope: SST shows all debt, including contingent capital instruments, as debt liability. US GAAP classifies certain contingent capital instruments as debt at amortised costs or as equity depending on the instruments' characteristics.

Differences in valuation: SST excludes own credit risk in the valuation of debt not qualified as SST supplementary capital. SST supplementary capital instruments are fair valued. US GAAP generally values debt instruments at amortised costs.

Other liabilities

Differences in valuation: Deferred tax liabilities are not valued in SST, whereas in US GAAP they are part of other liabilities.

Capital management

For information on the *Group's capitalisation structure*, please see the Financial strength and capital management section in the 2023 Financial Report on pages 48–51, *Capital structure* on pages 76–77 and *Note 11* to the financial statements (Debt and contingent capital instruments) on pages 214–215.

For the *Group Statement of shareholders' equity*, see pages 144–145 of the 2023 Financial Report.

For more details on *> Valuation* differences between shareholders' equity and SST net asset value, please refer to the Group Valuation section of this Report.

Solvency

For information on the Group's solvency information, risk-bearing capital, target capital and SST ratio, please see the *Financial strength and capital management* section on pages 44–69 of the 2023 Financial Report.

Swiss Re uses an internal risk model to determine the economic capital required to support the risks on the Group's book, as well as to allocate risk-taking capacity to the different lines of business. The model also provides the basis for capital cost allocation, which is used for pricing, profitability evaluation and compensation decisions. In addition to these internal purposes, the model is used to determine regulatory capital requirements under economic solvency frameworks such as the SST and Solvency II.

For more information, please see the *Internal control system and risk model* section in the Risk management (Online Only) download of the 2023 Financial Report.

In 2017, FINMA approved Swiss Re's internal model and its components for SST reporting purposes under their revised model review process.

Since SST 2023, the following major model change has been implemented and approved by FINMA for SST 2024:

- Risk exposures for financial market risk and for default-related effects that were previously based on Swiss Re's internal Economic Value Management view have now been linked to SST quantities. This change does not have a significant impact on the solvency ratio.

Outlook

In accordance with Art. 34 para 3 letter a ISO, Swiss Re Group has two supplementary capital instruments with an option to call within the next 12 months: the 4.50% Subordinated Fixed Rate Resettable Callable Loan Notes issued by SRZ with scheduled maturity in 2044, with market value as of 31 December 2023 of USD 502 million; and an internal loan in respect of the 4.250% Guaranteed Perpetual Subordinated Fixed Spread Callable Notes issued by Swiss Re Finance (Luxembourg) S.A. and guaranteed by SRZ, with market value as of 31 December 2023 of USD 628 million. Further information in respect of such public instruments is available under *www.swissre.com/investors/debt.html.*

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Swiss Reinsurance Company Ltd

Management summary

Swiss Reinsurance Company Ltd (SRZ) maintains a strong capital position, with the SST 2024 ratio increasing by 1pp to 275% compared to SST 2023. The increase was mainly driven by positive investment and underwriting contributions as well as higher short-term interest rates, partially offset by dividends, subordinated debt buyback and higher financial market risk.

Prior to SST 2024, the ratio was calculated as SST risk-bearing capital (SST RBC) minus market value margin (MVM), divided by SST target capital (SST TC) minus market value margin.

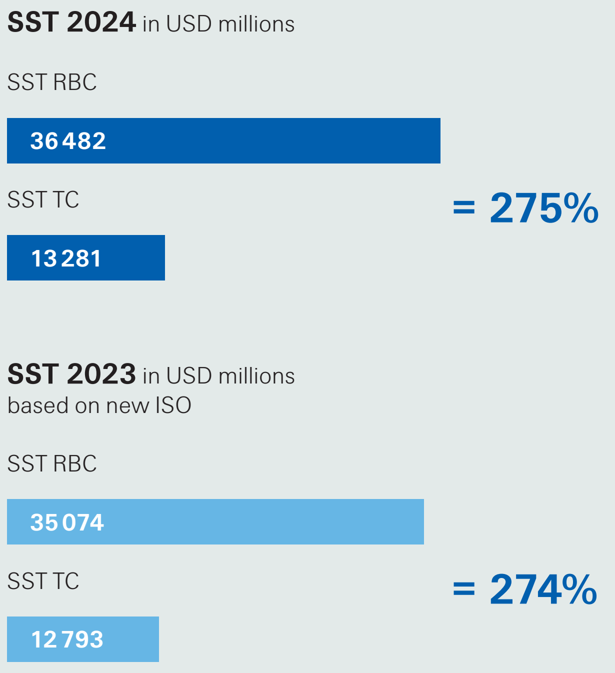
In accordance with the update of the Insurance Supervision Ordinance (ISO) regulation with effect from 1 January 2024, the SST 2024 ratio is calculated as SST risk-bearing capital divided by SST target capital, with both components having new definitions:

- SST RBC is lower under the new ISO because it includes a deduction for market value margin.
- SST TC is lower under the new ISO because market value margin is not included any more.

These changes have no impact on the value of the SST ratio.

This Report provides qualitative and quantitative information about the financial condition of SRZ. This Report includes financial information already published in *SRZ's 2023 Annual Report*, available on *www.swissre.com/investors/financial-information*.

Solvency overview



SST RBC: SST risk-bearing capital
SST TC: SST target capital

Business activities	In this section, we provide information about the business model, the strategy and significant events. > *Read more*
Performance	We present the performance of the year under review based on the Swiss statutory income statement. > *Read more*
Governance and risk management	This section provides an overview of the system of governance, key governing bodies, risk management systems and policies. > *Read more*
Risk profile	The main components of the total risk calculated under SST are discussed in this section. > *Read more*
Valuation	In this section, we provide the SST balance sheet and additional quantitative and qualitative explanations on differences to SRZ's audited statutory financial statements. > *Read more*
Capital management	SRZ's capital management strategy and key changes in 2023 are discussed in this section. > *Read more*
Solvency	This section presents SRZ's SST calculation and includes explanation of changes relative to the prior year. > *Read more*

Business activities

Reinsurance strategy and priorities

SRZ's vision is to "make the world more resilient", a key component of which is to close the protection gap – the difference between insured and total economic losses. This vision is supported by the mission to create smarter solutions for the clients through new perspectives, knowledge and capital.

SRZ operates within the strategy set out by the Swiss Re Group. The goals are consistent with the overall Swiss Re Group financial targets and the strategy is formed by the components of the Swiss Re Group strategy.

SRZ seeks to become the leading player in the wholesale reinsurance industry based on a combination of the underwriting knowledge and experience, geographic and product diversification, and financial strength, as well as appropriate allocation of capital to risk portfolios, to meet the Swiss Re Group's financial targets over the cycle.

In furtherance of strategic goals, SRZ will seek to focus on growth, through systematic capital allocation, as well as applying the risk knowledge to support capital allocation. As a global organisation with a wide product range and geographical reach, SRZ systematically allocates capital by balancing opportunities on a risk-adjusted basis to generate sustainable earnings and growth over the long-term. An annual top-down capital allocation underpins SRZ's business planning process; throughout the year, SRZ actively steers its deployed capacity to maximise return. SRZ can change the capital allocated to particular risk pools as markets move and it develops new insights. This activity is rooted in the ability to take a forward-looking perspective on the economics of risk pools and allocate capital accordingly.

SRZ intends to continue to emphasise differentiation, continue to broaden and diversify its client base to increase access to risk, enhance research and development efforts, continue to focus on technology and finally maintain leadership in sustainability.

Property & Casualty Reinsurance business

Market environment

The global non-life reinsurance premiums grew by 4.1% in real terms in 2023, driven by strength in commercial lines, which account for most of the demand from primary insurers. Premiums from advanced markets increased in real terms, while emerging market premiums grew by 5.2%.

Low premium growth in advanced markets is primarily a consequence of substantial re-pricing of risk in non-life reinsurance at the January to July 2023 renewals. As a consequence of insufficient profitability – the reinsurance industry did not earn its cost of capital between 2017 and 2022 – and tight reinsurance capacity, the renewals exhibited strong rate increases, tighter terms and conditions, and higher retentions by primary insurers, which lowered growth. Profitability conditions for the reinsurance sector have significantly improved. The rebalancing of risk-sharing between insurers and reinsurers has also enabled reinsurers to return to their role of shock-absorbing carriers, and, to a lesser extent, as smoothing earnings for insurers.

Natural catastrophe losses in 2023 were again above average. A key characteristic of 2023 was the high frequency of low-to-medium severity loss events that aggregated to a high total loss number. However, some of these represented loss severity records locally. The costliest event was the earthquake in Turkey and Syria in February 2023. By peril, losses were overwhelmingly driven by severe convective storms in the US. Losses from tropical cyclones were below average. However, Hurricane Otis, which hit the Pacific coast in Mexico in October 2023, is likely to become the costliest insured event in Mexico.

The sector's capital base remains very strong and enables reinsurers to continue to fulfil their role as the backbone of the insurance industry and supporters of societal resilience.

Outlook

The January 2024 renewals were firm and underpin a positive outlook for the non-life reinsurance industry. Notable rate increases were limited to portfolios affected by higher claims developments. Such developments are likely to continue, where necessary, in relevant portfolios. The non-life reinsurance industry has a good chance to earn its cost of capital in 2024. Premium income growth is forecast to improve by 2.9% in real terms in 2024 and 2.3% in 2025, in parallel with growth in the primary non-life insurance market, with increased demand from the property line of business as the key driver.

Life & Health Reinsurance business

Market environment

The global life reinsurance premiums decreased by 5.0% year-on-year in real terms in 2023. Growth in premium income was strongest in emerging markets, at 5.0% in real terms in 2023. However, China, the largest life insurance market among emerging countries, shrank by 2.4% in 2023. In advanced markets, the life reinsurance market contracted by 6.8% in real terms, with the strongest decline in the advanced Asia-Pacific region as a result of declining primary insurance premiums. The global life reinsurance profitability improved in 2023, supported by higher interest rates and much lower COVID-19 mortality claims.

Overall, life underwriting performance was positive in 2023. However, while the acute impacts of COVID-19 have faded, mortality has not reverted to pre-pandemic levels everywhere. The re/insurance industry is closely monitoring mortality and morbidity developments, and partially adjusted mortality pricing in 2023 to account for the longer-term implications of the pandemic.

Longevity risk transfer is a growth area underpinning a very active pension risk transfer market in the US and the UK, with record-level transfers achieved in 2022 and 2023. Longevity reinsurance is central to the pricing of annuity transactions, as insurers offering the said transactions to pension funds typically look to simultaneously access reinsurance capacity to hedge at least part of the longevity risk inherent in these lines.

Outlook

SRZ forecasts global life reinsurance premiums to increase in real terms by 1.4% and 2.2% in 2024 and 2025, respectively. This is expected to be supported by a recovery in the primary life insurance market as macroeconomic conditions normalise by the end of 2024. Emerging Asia is expected to continue to drive global growth as regulatory changes and government targets create new pockets of growth. North America and Advanced Europe are expected to grow slightly in 2024. Advanced Asia-Pacific should expand at an above-trend rate from 2024 onwards.

Corporate Solutions’ business

Market environment

Corporate Solutions’ net premiums earned remained stable, compared with the previous year, successfully offsetting the elipsLife business sale in mid-2022 by new business mainly in property, credit and surety as well as accident and health, and the continuous earn-through of previously realised rate increases, absorbing a conscious reduction in professional liability lines.

Corporate Solutions’ gross premiums written remained broadly unchanged, compared with the previous year, reflecting the partial sale of elipsLife business mid-2022, as well as a strong new business growth, partly offset by a conscious reduction in professional liability lines.

The enhanced performance demonstrates a steadily improved portfolio resilience. The Corporate Solutions’ business unit benefitted from overall low participation in large natural catastrophe events, while large man-made losses were slightly higher than in the prior year, reflecting a series of losses in the fourth quarter.

Outlook

Corporate Solutions observed moderate rate increases for the majority of 2023, slowing towards the end of the year. For 2024, the Corporate Solutions’ business unit anticipates a differentiated, but overall stable risk-adjusted trend across its business lines despite continuing elevated loss trends, persistent inflationary pressures and heightened economic and geopolitical uncertainty, exacerbated by high costs of protection in the reinsurance market.

The property and specialty market is expected to drive momentum, due to increased claims activities in 2023 coupled with reinsurance renewals at sustained rates observed during the January 2024 renewals. Similarly, credit and surety is expected to experience favourable market conditions driven by increased demand. The recent trend of declining rates in casualty and financial lines will be carefully managed.

Corporate Solutions’ core strategic priority remains stringent portfolio steering to strengthen cycle-resilience and achieve profitable growth. This is achieved by maintaining a strong relative weight in property, which delivers high risk-adjusted returns and enables fast portfolio steering opportunities, due to its short-tail nature. At the same time, Corporate Solutions aims to grow price cycle-decorrelated portfolios, which will further reduce earnings volatility.

Corporate Solutions will continue the expansion of differentiated offerings and adjacent services, including the administration of international programmes, innovative risk solutions, and risk data services. These propositions offer diversification of earnings into fee-based sources of income and more cycle-independent risk-taking growth opportunities. They also reinforce Corporate Solutions’ positioning as the preferred specialised risk partner for mid- to large-sized corporates.

Investments

Strategy and priorities

Financial investments are managed in accordance with SRZ’s Target Standard on Asset Management and SRZ’s investment guidelines, which are intended to ensure compliance with regulatory requirements. The general principle governing the management of investments in SRZ is the creation of economic value based on returns relative to the liability benchmark, while adhering to the investment guidelines and the prudent person principle. The liability benchmark is determined by approximating an investable benchmark from projected liability cash flows.

Outlook

Global economic growth is expected to slow in 2024, as the cumulative interest rate hikes will continue to feed through to the real economy, while inflation is projected to remain above central bank targets. SRZ believes that sovereign bond yields will settle in a higher range compared to the last decade, while further upside in risk assets will be more difficult to attain, also given stretched valuations.

SRZ's investment portfolio remains well diversified, both across asset classes and regions, with a continued focus on quality. SRZ aims to maintain its allocation to higher-quality credit products and to gradually rebuild the listed equity portfolio subject to market developments. Private markets continue to be an important pillar of the portfolio strategy and positioning, where SRZ intends to further grow the exposure in private debt as opportunities arise. Finally, in order to reach SRZ's target of Group-wide net-zero emissions by 2050, SRZ has set intermediate carbon intensity reduction targets for both the corporate bond and listed equity portfolio, as well as parts of the real estate portfolio.

Reinsurance and sub-holding company

SRZ, domiciled in Zurich, Switzerland, performs a dual role within the Swiss Re Group as both a reinsurance company and a sub-holding company. SRZ is a wholly owned subsidiary of Swiss Re Ltd, the ultimate parent company, domiciled in Zurich, Switzerland. In 2023, SRZ employed a worldwide staff at an average of 1 680 full time equivalents.

Claims on and obligations towards affiliated companies – Swiss statutory

CHF millions	2022	2023
Loans	8 153	8 171
Funds held by ceding companies	8 418	7 740
Premiums and other receivables from reinsurance	11 773	10 378
Other receivables	109	142
Other assets[1]	332	198
Debt[2]	4 048	4 283
Liabilities from derivative financial instruments	68	30
Funds held under reinsurance treaties	5 816	6 627
Reinsurance balances payable	8 273	7 598
Other liabilities[3]	5 647	5 639
Subordinated liabilities[4]	5 775	3 925

1 Thereof at the 2023 balance sheet date CHF 95 million (2022: CHF 52 million) were on the parent company Swiss Re Ltd.
2 Thereof at the 2023 balance sheet date CHF 1 889 million (2022: CHF 2 024 million) were towards the parent company Swiss Re Ltd.
3 Thereof at the 2023 balance sheet date CHF 1 828 million (2022: CHF 1 160 million) were towards the parent company Swiss Re Ltd.
4 Thereof at the 2023 balance sheet date CHF 1 282 million (2022: CHF 2 155 million) were towards the parent company Swiss Re Ltd.

Share capital and major shareholder

The share capital of SRZ amounted to CHF 34 million. It is divided into 344 052 565 registered shares, each with a nominal value of CHF 0.10. The shares were fully paid-in and held directly by Swiss Re Ltd. As of 31 December 2023 and 2022, SRZ was a wholly owned subsidiary of Swiss Re Ltd.

List of major branch offices

- Swiss Reinsurance Company Ltd, Beijing Branch
- Swiss Reinsurance Company Ltd, Canadian Branch
- Swiss Reinsurance Company Ltd, India Branch
- Swiss Reinsurance Company Ltd, Israel Branch

Variable interest entities

SRZ and its subsidiaries enter into arrangements with variable interest entities (VIEs). For more information, please see *Note 17* of SRZ's consolidated 2023 Annual Report, page 92.

Significant events

SRZ's net income for 2023 amounted to CHF 4 206 million, driven by the strong investment contribution and underwriting performance in property, as well as by one-off gains from large life and health transactions.

Property business benefitted from prior year reserve releases, related to hurricane Ian and inflation updates, as well as from benign net natural catastrophe experiences, despite various new large events, such as the earthquake in Turkey and Syria, storms in Italy and Europe, as well as cyclone Gabrielle and the flooding in New Zealand. Casualty business was impacted by further strengthening of reserves for prior underwriting years.

Life and health business profited from one-off gains from large transactions, primarily related to a new retrocession agreement with Swiss Re Nexus Reinsurance Company Ltd for US yearly renewable term business and a new retrocession agreement with Swiss Re Life & Health America Inc. In addition, favourable valuation interest rate and inflation updates also contributed to the positive result, partly offset by best estimate assumption updates in the US and Asia.

The significant increase of the investment result was primarily driven by value re-adjustments on shares in investment funds and increased regular income from fixed income securities, short-term investments, and loans, benefitting from the current market yields' environment, as well as by lower realised losses on investments, due to positive market developments.

The provision for currency fluctuation was significantly reduced, following a change in the calculation of the release pattern, resulting in a large positive impact on the other income line item.

In addition, the financial year 2023 was characterised by significant foreign exchange movements, leading to material remeasurement impacts on the SRZ's opening balances, driven by the weakening of all major currencies against the Swiss franc.

Total shareholder's equity of SRZ strengthened by CHF 3 103 million to CHF 14 874 million as at 31 December 2023. The increase was driven by the net income for the financial year 2023 of CHF 4 206 million, partly offset by a cash dividend payment for the financial year 2022 of CHF 1 104 million.

Report of the statutory auditor

In 2023, KPMG AG was the auditor of SRZ. For more information, please see the *Report of the statutory auditor* in SRZ's 2023 Annual Report, pages 127–132.

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Performance

Income statement – Swiss statutory

	Total		Life		Accident&Health		Motor		Marine, aviation, transport		Property		Casualty		Miscellaneous	
CHF millions	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Premiums written gross	30575	31327	5394	5127	3832	3632	2586	2757	1242	1233	10027	11102	4812	4237	2682	3239
Premiums written retroceded	–5511	–5697	–1722	–1512	–1198	–1114	–68	–95	–139	–168	–2036	–2566	–233	–161	–115	–81
Premiums written net	**25064**	**25630**	**3672**	**3616**	**2634**	**2518**	**2518**	**2662**	**1103**	**1065**	**7991**	**8535**	**4579**	**4076**	**2567**	**3158**
Change in unearned premiums gross	–679	–838	–10	–54	13	3	144	–30	–7	–27	–543	–674	–87	110	–189	–166
Change in unearned premiums retroceded	87	219	–7	3	–20	–6	11	5	–10	8	82	201	20	3	11	5
Premiums earned	**24472**	**25011**	**3655**	**3565**	**2627**	**2515**	**2673**	**2637**	**1086**	**1046**	**7530**	**8062**	**4512**	**4189**	**2389**	**2997**
Other reinsurance revenues	927	2446	451	1538	152	444	44	6	8	6	104	318	143	89	25	45
Total revenues from reinsurance business	**25399**	**27457**	**4106**	**5103**	**2779**	**2959**	**2717**	**2643**	**1094**	**1052**	**7634**	**8380**	**4655**	**4278**	**2414**	**3042**
Claims paid and claim adjustment expenses gross	–18587	–20238	–4890	–4834	–2119	–2972	–1988	–2089	–611	–694	–4848	–5517	–2820	–3170	–1311	–962
Claims paid and claim adjustment expenses retroceded	3747	2284	1960	–10	899	1267	71	49	73	97	683	781	39	46	22	54
Change in unpaid claims and life and health benefits gross	–1377	–2001	1910	–1008	–215	–219	–396	–240	–422	–41	–1535	960	–669	–859	–50	–594
Change in unpaid claims and life and health benefits retroceded	–344	2732	–683	3408	–67	–472	–20	19	57	–27	306	–267	43	36	20	35
Change in unpaid claims for unit-linked life insurance																
Claims incurred	**–16561**	**–17223**	**–1703**	**–2444**	**–1502**	**–2396**	**–2333**	**–2261**	**–903**	**–665**	**–5394**	**–4043**	**–3407**	**–3947**	**–1319**	**–1467**
Acquisition and operating costs gross	–7595	–7944	–1151	–1225	–919	–918	–841	–800	–305	–266	–2099	–2269	–1410	–1421	–870	–1045
Acquisition and operating costs retroceded	862	926	178	163	223	248	19	20	35	28	312	397	62	46	33	24
Acquisition and operating costs net	**–6733**	**–7018**	**–973**	**–1062**	**–696**	**–670**	**–822**	**–780**	**–270**	**–238**	**–1787**	**–1872**	**–1348**	**–1375**	**–837**	**–1021**
Other reinsurance expenses	–520	–808	–435	–381	24	–320	6		–2	2	–113	–109				
Total expenses from reinsurance business	**–23814**	**–25049**	**–3111**	**–3887**	**–2175**	**–3386**	**–3149**	**–3041**	**–1174**	**–901**	**–7294**	**–6024**	**–4755**	**–5322**	**–2156**	**–2488**
Investment income	1367	16472														
Investment expenses	–2804	–13974														
Investment result	**–1437**	**2498**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Investment result from unit-linked life insurance																
Other financial income	3057	2502														
Other financial expenses	–2916	–2701														
Operating result	**289**	**4707**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Interest expenses on debt and subordinated liabilities	–437	–523														
Other income	132	453														
Other expenses	–541	–349														
Extraordinary income and expenses																
Income before income tax expense	**–557**	**4288**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Income tax expense	–24	–82														
Net income	**–581**	**4206**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Reinsurance result

Total revenues and expenses from reinsurance amounted to a gain of CHF 2 408 million in 2023, compared to CHF 1 585 million in 2022.

Property & Casualty Reinsurance total revenues and expenses increased from a loss of CHF 14 million in 2022 to a gain of CHF 1 619 million in 2023, benefitting from the strong underwriting performance in property business and positive prior year developments, driven by significant reserve releases for hurricane Ian and inflation updates. These movements were partly offset by large natural catastrophe losses, such as the earthquake in Turkey and Syria, storms in Italy and Europe, as well as cyclone Gabrielle and the flooding in New Zealand. In addition, the 2023 result was impacted by further strengthening of reserves in casualty business for prior underwriting years.

Life & Health Reinsurance total revenues and expenses decreased from a gain of CHF 1 599 million in 2022 to a gain of CHF 789 million in 2023, reflecting significant reserve releases in the prior year, due to increasing interest rates, as well as higher best estimate assumption updates in the US and Asia in 2023, partly offset by one-off gains from large transactions in the year under report.

Premiums earned increased from CHF 24 472 million in 2022 to CHF 25 011 million in 2023, driven by growth in property and casualty business, partly offset by lower volume in life and health business, as well as by higher external property and casualty retrocessions.

Claims incurred increased from CHF 16 561 million in 2022 to CHF 17 223 million in 2023. The comparison of the individual claims line items is affected by the restructuring of several intra-group retrocession agreements, as well as by various large life and health transactions creating substantial changes year-on-year. In aggregate, these various movements fully offset each other.

Property and casualty claims paid and claim adjustment expenses net increased from CHF 10 690 million in 2022 to CHF 11 405 million in 2023, mainly due to higher external business volume and retrocession agreements with affiliated companies in the US.

Property and casualty change in unpaid claims net decreased from CHF 2 666 million in 2022 to CHF 978 million in 2023, primarily driven by significant reserve releases for prior year natural catastrophe losses, inflation updates, the release of additional sufficiency reserves, as well as the war in Ukraine. This was partly offset by benign net natural catastrophe experiences in the year under report, despite various new large events, such as the earthquake in Turkey and Syria, storms in Italy and Europe, as well as by an adverse loss activity across the casualty portfolio.

Life and health claims paid and claim adjustment expenses net increased from CHF 4 150 million in 2022 to CHF 6 549 million in 2023, primarily due to a new retrocession agreement with Swiss Re Nexus Reinsurance Company Ltd for US yearly renewable term business and lower business volume with Swiss Re Life & Health America Inc. These impacts were reflecting the change in reinsurance receivables and payables to cover the setup of the respective technical provisions and fully offset in life and health benefits net.

Change in unpaid claims and life and health benefits decreased from a gain of CHF 945 million in 2022 to a gain of CHF 1 709 million in 2023, reflecting the impact of a new retrocession agreement with Swiss Re Nexus Reinsurance Company Ltd for US yearly renewable term business and a new retrocession agreement with Swiss Re Life & Health America Inc., following the initial assumption of the business. These were fully offset in life and health claims paid and claim adjustment expenses net and change in unpaid claims net. The increase was partially reduced by lower valuation interest rates, compared to the prior year, and best estimate assumption updates in Americas.

Acquisition and operating costs net increased from CHF 6 733 million in 2022 to CHF 7 018 million in 2023, mostly in property and casualty business, driven by higher external business volume in the US and retrocession agreements with Swiss Re Europe S.A., partly offset by retrocession agreements with Swiss Reinsurance America Corporation.

Investment result

Investment result increased from a loss of CHF 1 437 million in 2022 to a gain of CHF 2 498 million in 2023. The increase was driven by value re-adjustments on shares in investment funds of CHF 729 million, following the market recovery in 2023. Further in 2023, the net investment income was also supported by increased regular income from fixed income securities, short-term investments, and loans, benefitting from the current market yields' environment, as well as by lower realised losses on investments. The 2023 investment income and expenses, respectively, were inflated by a dividend in-kind payment from Swiss Re Reinsurance Holding Company Ltd of its subsidiaries to the Company of CHF 13 314 million, offset by a corresponding write-off of SRZ's participation book value of Swiss Re Reinsurance Holding Company Ltd.

Investment result – Swiss statutory

CHF millions	Income	Value readjustments	Realised gains	2023 Total
Investment income				
Investments in subsidiaries and affiliated companies	13 709			13 709
Fixed income securities	779		15	794
Loans	576		184	760
Equity securities	6		137	143
Shares in investment funds	104	728	39	871
Short-term investments	105		1	106
Alternative investments	36	7	0	43
Other investments	**245**	**735**	**40**	**1 020**
Income from investment services	46			46
Investment income[1]	**15 361**	**735**	**376**	**16 472**

CHF millions	Expenses	Value adjustments	Realised losses	2023 Total
Investment expenses				
Investments in subsidiaries and affiliated companies[1]		–13 668		–13 668
Fixed income securities		–4	–117	–121
Loans			–6	–6
Equity securities		–4	–25	–29
Shares in investment funds		0	–8	–8
Short-term investments			–2	–2
Alternative investments		–33	0	–33
Other investments		**–33**	**–10**	**–43**
Investment management expenses	–107			–107
Investment expenses	**–107**	**–13 709**	**–158**	**–13 974**
Investment result				**2 498**

CHF millions	Income	Value readjustments	Realised gains	2022 Total
Investment income				
Investments in subsidiaries and affiliated companies	3			3
Fixed income securities	603		37	640
Loans	286			286
Equity securities	10	1	105	116
Shares in investment funds	30		50	80
Short-term investments	43			43
Alternative investments	128	3	17	148
Other investments	**201**	**3**	**67**	**271**
Income from investment services	51			51
Investment income	1 154	4	209	1 367

CHF millions	Expenses	Value adjustments	Realised losses	2022 Total
Investment expenses				
Investments in subsidiaries and affiliated companies		–2		–2
Fixed income securities		–4	–364	–368
Loans				
Equity securities		–25	–40	–65
Shares in investment funds		–2 099	–53	–2 152
Short-term investments			–58	–58
Alternative investments		–49		–49
Other investments	**0**	**–2 148**	**–111**	**–2 259**
Investment management expenses	–110			–110
Investment expenses	–110	–2 179	–515	–2 804
Investment result				–1 437

[1] On 30 March 2023, SRZ received a dividend in-kind from Swiss Re Reinsurance Holding Company Ltd of its subsidiaries Swiss Pillar Investments Ltd, Swiss Re Asia Holding Pte. Ltd. and Swiss Re Europe Holdings S.A. in the amount of CHF 13 314 million, subsequently offset by a corresponding write-off of SRZ's participation book value of Swiss Re Reinsurance Holding Company Ltd.

Governance and risk management

Board of Directors and Executive Management

Board of Directors

- Jacques de Vaucleroy, Vice Chairman of the Board of Directors (appointed Vice Chairman in April 2023)
- Karen Gavan, Member of the Board of Directors
- Vanessa Lau, Member of the Board of Directors
- Joachim Oechslin, Member of the Board of Directors
- Deanna Ong, Member of the Board of Directors
- Jay Ralph, Member of the Board of Directors
- Joerg Reinhardt, Member of the Board of Directors
- Philip K. Ryan, Member of the Board of Directors
- Pia Tischhauser, Member of the Board of Directors
- Sir Paul Tucker, Member of the Board of Directors
- Larry Zimpleman, Member of the Board of Directors

Changes in 2023

- Sergio P. Ermotti, Chairman (since 2021) stepped down from the Board of Directors on 30 April 2023
- Renato Fassbind, Vice Chairman (since 2012), did not stand for re-election at the AGM on 22 March 2023
- Susan L. Wagner did not stand for re-election at the AGM on 22 March 2023
- Vanessa Lau was elected as a new Member of the Board of Directors at the AGM on 22 March 2023
- Pia Tischhauser was elected as a new Member of the Board of Directors at the AGM on 22 March 2023

Executive Management (as of 31 December 2023)

- Christian Mumenthaler, Chief Executive Officer, Member of the Executive Committee
- Urs Baertschi, Chief Executive Officer P&C Reinsurance, Member of the Executive Committee (effective 3 April 2023)
- Andreas Berger, Chief Executive Officer Corporate Solutions, Member of the Executive Committee
- John R. Dacey, Chief Financial Officer, Member of the Executive Committee
- Cathy Desquesses, Chief Human Resources Officer & Head Corporate Services, Member of the Executive Committee
- Hermann Geiger, Chief Legal Officer, Member of the Executive Committee
- Pravina Ladva, Chief Digital & Technology Officer, Member of the Executive Committee
- Paul Murray, Chief Executive Officer L&H Reinsurance, Member of the Executive Committee (effective 3 April 2023)
- Moses Ojeisekhoba, Chief Executive Officer Global Clients & Solutions, Member of the Executive Committee (effective 3 April 2023)
- Velina Peneva, Group Chief Investment Officer, Member of the Executive Committee (effective 1 April 2023)
- Patrick Raaflaub, Chief Risk Officer, Member of the Executive Committee
- Philip Long, Appointed Actuary, not Member of the Executive Committee

Changes in 2023

- Guido Fürer, Chief Investment Officer, Member of the Executive Committee (until 31 March 2023)
- Jonathan Isherwood, Chief Executive Officer Reinsurance Americas/Regional President Americas, Member of the Executive Committee (until 30 September 2023)
- Thierry Léger, Chief Underwriting Officer, Member of the Executive Committee (until 26 January 2023)
- Urs Baertschi, Chief Executive Officer Reinsurance EMEA/Regional President EMEA, Member of the Executive Committee (until 2 April 2023)
- Paul Murray, Chief Executive Officer Reinsurance APAC/Regional President APAC, Member of the Executive Committee (until 2 April 2023)
- Moses Ojeisekhoba, Chief Executive Officer Reinsurance, Member of the Executive Committee (until 2 April 2023)

Governance and risk management

As a major legal entity within the Swiss Re Group, SRZ is subject to enhanced governance, which includes the following requirements:

- Establish bylaws and terms of reference, outlining the roles and responsibilities of both the board and management
- Establish an Audit Committee
- Designate a Chief Risk Officer and Chief Financial Officer

All risk-related activities of SRZ and its subsidiaries are subject to Swiss Re's risk management framework, which includes:

- An independent Risk Management function responsible for risk oversight and control across Swiss Re and comprises global departments that provide specialised risk expertise and oversight.
- A clearly defined risk control framework which comprises a body of standards that establish an internal control system for taking and managing risk.

Moreover, risk management activities at SRZ are complemented by Swiss Re's Group Internal Audit and Compliance units.

Swiss Re's 2023 Financial Report describes the governance and risk management framework for the Group and its legal entities. For more information, please refer to the *Group Governance and risk management section*.

Climate-related financial disclosure

SRZ regularly assesses the actual and potential impacts of climate-related risks and opportunities on its business and financial planning within the climate strategy and related frameworks set out by the Swiss Re Group. The financial risks from climate change related to insurance and investment activities of SRZ do not materially differ from the Swiss Re Group. There are only a few subsidiaries which are owned by the Swiss Re Group directly, but these entities do not change the assessment of climate related financial risks. Information on the Group's climate-related financial disclosures are published in the *2023 Sustainability Report.* Please refer to the following specific sections for more information:

- Governance structure related to climate-related financial risks (FINMA Circular 2016/2 MN 13.3), 2023 Sustainability Report on page 59
- Climate-related financial risks (FINMA Circular 2016/2 MN 13.4), 2023 Sustainability Report on pages 59–66 and 73–74
- Climate risk management (FINMA Circular 2016/2 MN 13.5), 2023 Sustainability Report on pages 77–79
- Climate metrics and targets (FINMA Circular 2016/2 MN 13.6), 2023 Sustainability Report on pages 80–86
- Criteria and valuation methods for determining materiality of climate-related risks (FINMA Circular 2016/2 MN 13.7), 2023 Sustainability Report on pages 59, 68–71, 78–79 and 81

Risk profile

SRZ is exposed to insurance and financial risks that are calculated in its internal risk model, as well as other risks that are not explicitly part of the economic capital requirement but are actively monitored and controlled due to their significance for the entity. These include operational, liquidity, model, valuation, regulatory, political, strategic and sustainability risks (see *Swiss Re's risk landscape*, 2023 Financial Report, pages 60–61).

Property and casualty risk is mainly driven by non-life claims inflation, natural catastrophe, man-made and costing and reserving risk. The main drivers of life and health insurance risk are lethal pandemic and mortality trend risk.

The financial risk of SRZ derives from financial market risk as well as from credit risk. Key drivers of financial market risk are credit spread and equity risk. Credit risk is mainly driven by the credit and surety business and by default risk on capital market products.

Total risk

Total risk is based on 99% tail value at risk (tail VaR) and represents the average unexpected loss that occurs with a frequency of less than once in 100 years over a one-year time horizon.

USD millions	SST 2023[1]	SST 2024	Change
Property and casualty	13 680	13 789	109
Life and health	9 310	9 866	556
Financial market	7 600	9 542	1 942
Credit[2]	3 054	3 462	408
Diversification	–14 845	–16 602	–1 756
Total risk	**18 799**	**20 058**	**1 258**

[1] The update of the ISO as of 1 January 2024 does not impact the SST 2023 risk figures in this table.
[2] Credit comprises credit default and migration risk from both asset management and underwriting. It excludes credit spread risk, which is part of financial market risk.

Total risk increased to USD 20.1 billion, mainly driven by higher financial market risk. The shift led to a increase in diversification at risk category level.

- The slight increase in property and casualty risk is mainly driven by higher reserve volatilities impacting the costing & reserving risk, partially offset by a reduction in natural catastrophe and cyber risks.
- Higher life and health risk mainly reflects business growth in the US resulting in higher exposure to mortality trend and lethal pandemic risk. The increase is further driven by the impact on exposure of reviewability parameter updates and lower interest rates.
- Financial market risk increased significantly mainly due to corporate bond purchases and the reduction in investment hedges.
- The significant increase in credit risk is driven by new business in credit and surety, the unwinding of investment hedges and corporate bond purchases.

Swiss Re's internal model takes account of the accumulation and diversification between individual risks. The effect of diversification at the risk category level, shown in the table above, represents the difference between total risk (the Company's 99% tail VaR) and the sum of standalone tail VaR amounts for the individual risk categories. This amount does not reflect diversification within risk categories. The extent of diversification is largely determined by the selected level of aggregation – the higher the aggregation level, the lower the diversification effect.

Operational risk

SRZ uses a Group-wide risk matrix methodology and Swiss Re's Global Risk Register to capture operational risks. The matrix focuses on risks approaching or exceeding SRZ's own risk tolerance as they require management actions. Adherence to risk tolerance is monitored and reported at least on a quarterly basis. The overall control environment within SRZ remains adequate.

Current key focus areas of SRZ's operational risk management include: further enhancing Swiss Re's cyber security and business resilience, regularly assessing the availability and dependency on qualified and skilled employees, and increased oversight of the risks resulting from the transition to International Financial Reporting Standards (IFRS).

Other significant risks

For details on other significant risks, including liquidity, model, valuation, regulatory, political, strategic and sustainability risks, see the Group's 2023 Financial Report sections on *Liquidity management* on page 52, *Swiss Re s risk landscape* on pages 60–61, and *Management of other significant risks* on pages 66–69.

Risk concentration

Among tested financial market sensitivities, SRZ's SST ratio is most sensitive to a 50-basis point decrease in interest rates.

Risk mitigation

SRZ manages and controls its risks through an extended limit framework. Insurance risks are also mitigated through retrocession, insurance risk swaps or transferring risk to capital markets. For financial risks, SRZ uses financial market derivative instruments as well as financial market securities to hedge financial market and credit risk.

Valuation

SST balance sheet

The SST balance sheet is prepared based on the same market-consistent valuation principles as applied in Swiss Re's internal Economic Value Management (EVM) framework. Until and including SST 2024, EVM is used as a basis for preparing the SST balance sheet and valuation adjustments to EVM mainly affect capital costs and deferred taxes. With the adoption of IFRS as the new accounting basis as of financial year 2024, Swiss Re will discontinue EVM reporting.

The comparative SST 2023 balance sheet below reflects the new requirements in accordance with the ISO with effect from 1 January 2024. The difference between assets and liabilities is defined as the market conform value of assets minutes market conform value of liabilities, which is the basis for the calculation of the SST risk-bearing capital (RBC).

The SST valuation methodology is further described in the > *Appendix* of this Report.

USD millions		Notes	SST 2023 based on new ISO	SST 2024	Change
Market conform value of investments	Real estate				n/a
	Participations	1	30 540	31 265	724
	Fixed-income securities	2	23 550	25 403	1 853
	Loans	3	10 477	11 917	1 441
	Mortgages		236	319	83
	Equities	4	937	48	–889
	Other investments		**18 699**	**20 903**	**2 204**
	Collective investment schemes	5	14 524	15 901	1 377
	Alternative investments		596	580	–16
	Structured products				n/a
	Other investments	6	3 579	4 421	843
	Total investments		**84 439**	**89 854**	**5 415**
Market conform value of other assets	Financial investments from unit-linked life insurance				n/a
	Receivables from derivative financial instruments		373	314	–59
	Deposits made under assumed reinsurance contracts	7	22 281	23 412	1 131
	Cash and cash equivalents		1 816	1 706	–110
	Reinsurers' share of best estimate of provisions for insurance liabilities	8	**9 927**	**10 050**	**123**
	Direct insurance: life insurance business (excluding unit-linked life insurance)				n/a
	Reinsurance: life insurance business (excluding unit-linked life insurance)		5 804	6 262	458
	Direct insurance: non-life insurance business				n/a
	Direct insurance: health insurance business				n/a
	Reinsurance: non-life insurance business		4 123	3 788	–335
	Reinsurance: health insurance business				n/a
	Direct insurance: other business				n/a
	Reinsurance: other business				n/a
	Direct insurance: unit-linked life insurance business				n/a
	Reinsurance: unit-linked life insurance business				n/a
	Fixed assets		3	2	–1
	Deferred acquisition costs				n/a
	Intangible assets				n/a
	Receivables from insurance business		16 888	16 858	–30
	Other receivables		601	1 122	522
	Other assets	9	4 634	6 789	2 155
	Unpaid share capital				n/a
	Accrued assets		7	1	–6
	Total other assets		**56 530**	**60 255**	**3 726**
Total market conform value of assets			**140 969**	**150 110**	**9 141**

USD millions		Notes	SST 2023 based on new ISO	SST 2024	Change
Market conform value of liabilities (including unit-linked life insurance)	**Best estimate of provisions for insurance liabilities**		**69 307**	**72 908**	**3 601**
	Direct insurance: life insurance business (excluding unit-linked life insurance)				n/a
	Reinsurance: life insurance business (excluding unit-linked life insurance)	10	17 912	18 481	569
	Direct insurance: non-life insurance business				n/a
	Direct insurance: health insurance business				n/a
	Reinsurance: non-life insurance business	11	51 395	54 428	3 033
	Reinsurance: health insurance business				n/a
	Direct insurance: other business				n/a
	Reinsurance: other business				n/a
	Best estimate of provisions for unit-linked life insurance liabilities		**0**	**0**	**0**
	Direct insurance: unit-linked life insurance business				n/a
	Reinsurance: unit-linked life insurance business				n/a
	Market value margin	12	4 343	4 288	–55
Market conform value of other liabilities	Non-technical provisions		1 353	1 731	378
	Interest-bearing liabilities	13	4 931	5 691	761
	Liabilities from derivative financial instruments		311	380	69
	Deposits retained on ceded reinsurance	14	8 528	9 112	584
	Liabilities from insurance business		6 926	7 047	121
	Other liabilities	15	8 030	9 942	1 912
	Accrued liabilities		49	26	–23
	Subordinated debts	16	7 250	6 221	–1 029
Total market conform value of liabilities			**111 028**	**117 347**	**6 319**
Market conform value of assets minus market conform value of liabilities			**29 941**	**32 763**	**2 822**

Notes
1. The increase in participations was mainly driven by the overall favourable investment contribution as well as positive underwriting contribution in Property & Casualty Reinsurance and Corporate Solutions, partially offset by Life & Health Reinsurance and iptiQ. Furthermore, the value of participations increased following the contribution in kind of an existing loan to Swiss Re Investments Company. These were partially offset by the financing of the sale of Swiss Re Investments Holding Company to Swiss Re Investments Ltd as well as by the dividend paid by Swiss Re Finance Midco (Jersey) Limited. Moreover, SST capital costs increased mainly due to lower interest rates and the appreciation of major currencies against the US dollar.
2. The increase in fixed income securities was driven by intra-group portfolio transfers as well as unrealised gains due to favourable interest rate movements.
3. The increase in loans mainly reflected a new intra-group loan with Swiss Re Investments Ltd in order to fund the purchase of Swiss Re Investments Holding Company as well as new loans with Swiss Re Reinsurance Holding Company Ltd. The value of loans further increased due to favourable foreign exchange and interest rate movements on Swiss franc denominated loans. These were partially offset by a contribution in kind of an existing loan to Swiss Re Investments Company.
4. The decrease in equities reflected the reduction of listed equity exposure.
5. The increase in collective investment schemes was driven by the favourable performance of underlying investments as well as favourable foreign exchange impacts. Additionally, the increase reflects further contributions into funds.
6. The increase in other investments reflected an increase in short-term investments.
7. The increase in deposits made under assumed reinsurance contracts was mainly driven by the higher volume of Property & Casualty Reinsurance external business in the Americas as well as new intra-group loss portfolio transfers.
8. The increase in reinsurers' share of best estimate liabilities of provisions for insurance liabilities was driven by Life & Health Reinsurance intra-group retrocessions following increased reserves. This was partially offset by the decrease on Property & Casualty Reinsurance mainly due to an SST recognition adjustment as well as a reduction in expected loss recoveries on external retrocessions.
9. The increase in other assets was mainly driven by the increase in securities lending.
10. The increase in best estimate of provisions for life insurance liabilities was predominantly driven by unfavourable assumption changes, and elevated mortality experience in the US. This was partially offset by transactional business.
11. The increase in best estimate of provisions for non-life insurance liabilities was driven by unfavourable interest rate and foreign exchange impacts, negative experience on US casualty business and natural catastrophe losses. These were partially offset by reserve releases in property and specialty lines.
12. The market value margin is added as a liability in accordance with Art. 30 para. 2 ISO. Market value margin remained stable, as the impact of lower interest rates in most major currencies was offset by parameter updates in mortality trend and critical illness.
13. The increase in interest-bearing liabilities was driven by new intra-group debts with Swiss Re Principal Investments Company Asia Pte. Ltd. and Swiss Re Asia Holding Pte. Ltd., partially offset by the redemption of a debt with Swiss Re Finance Midco (Jersey) Limited.
14. The increase in deposits retained on ceded reinsurance reflected an increase on funds withheld and policy loans in corporate-owned life insurance, both related to the intra-group retrocession to SRN, due to unfavourable interest rate impacts.

15. The increase in other liabilities reflected increased intra-group cash pooling agreements, increased securities lending and unfavourable foreign exchange impacts.
16. The decrease in subordinated debts was mainly due to the buyback of four subordinated debt instruments as well as the redemption of one supplementary capital instrument, partially offset by the impact of lower interest rates.

SST balance sheet comparison with Swiss statutory

The SST balance sheet comparison with the audited Swiss statutory financial statements provides insights into the main valuation and scope differences.

An overview of the main valuation and scope differences and the definition of the aggregated line items are included in the > *Appendix* of this Report.

Assets

USD millions	Swiss Statutory	SST	Difference
Real estate			n/a
Investments in subsidiaries and affiliated companies	30 166	31 265	1 098
Fixed income securities	27 945	25 403	–2 542
Loans	11 512	11 917	406
Mortgages		319	319
Equity securities	43	48	5
Other investments	21 820	20 903	–908
Investments for unit-linked and with-profit business			n/a
Cash and cash equivalents	231	1 706	1 475
Funds held by ceding companies and other receivables from reinsurance	39 123	40 270	1 148
Reinsurance recoverable from retrocessions	17 372	10 050	–7 322
Other assets	9 216	8 228	–988
Total assets	**157 428**	**150 110**	**–7 318**

Investments in subsidiaries and affiliated companies

Differences in scope: SST only includes the investments in fully consolidated companies, while statutory reporting includes investments in non-consolidated companies too. In SST, private equity funds are reported as investments in subsidiaries and affiliated companies while in statutory reporting these are included in other investments.

Differences in valuation: SST reports investments in subsidiaries and affiliated companies at market-consistent value. In statutory reporting, investments in subsidiaries and affiliated companies are carried at cost, less necessary and legally permissible depreciation, fixed at historic FX rates. Furthermore, in statutory reporting, for valuation purposes, subsidiaries are grouped when a close business link exists and a similarity in nature is given.

Fixed income securities

Differences in scope: The distinction between fixed income securities, short-term investments and cash and cash equivalent is based on the remaining duration at time of purchase in SST, and on initial duration in statutory reporting.

Differences in valuation: SST carries fixed income securities at market value. In statutory reporting, fixed income securities are valued at their amortised cost less necessary depreciation to address other than temporary market value decreases.

Loans
Differences in valuation: In SST, intra-group loans are valued by discounting future estimated cash flows at risk-free rates, while under statutory reporting those loans are carried at nominal value. Value adjustments are recorded where the expected recovery value is lower than the nominal value. Infrastructure and commercial mortgage loans are carried at their amortised cost less necessary depreciation to address other than temporary market value decreases.

Mortgages
Differences in scope: Under statutory reporting external commercial mortgage loans are reported under loans.

Equity securities
Differences in scope: In SST, Swiss Re Ltd shares are not valued, whereas they are part of equity securities for statutory reporting. For SST, some shares in public equity investment funds are included in equity securities. Under statutory reporting, those shares are part of other investments.

Differences in valuation: SST values equity securities at market value. In statutory reporting, equity securities are carried at the lower of cost or market value.

Other investments
Differences in scope: The distinction between short-term investments, included in other investments, fixed income securities and cash and cash equivalent is based on the remaining duration at time of purchase in SST, and on initial duration in statutory reporting. In SST, other investments include investments in non-consolidated subsidiaries and affiliated companies, while in statutory reporting these are reported as investments in subsidiaries and affiliated companies. In statutory reporting, other investments include private equity funds while in SST these are reported as investments in subsidiaries and affiliated companies.

Differences in valuation: SST reports other investments such as investment funds, private equities or hedge funds at market value. In statutory reporting, these investments are generally valued at the lower of cost or market value.

Cash and cash equivalents
Differences in scope: The distinction between cash and cash equivalent, short-term investments and fixed income securities is based on the remaining duration at time of purchase in SST, and on initial duration in statutory reporting.

Funds held by ceding companies and other receivables from reinsurance
Differences in scope: In statutory reporting, receivables from reinsurance include an additional provision for bad debts, while in SST this is part of the best estimate liabilities.

Differences in valuation: In SST, funds held by ceding companies for which an interest is credited are valued by discounting future estimated cash flows at risk-free rates. Under statutory reporting, funds held are generally measured at the consideration received or at market value of the underlying assets. Policy loans for corporate-owned life insurance, included in funds held, are valued by discounting future estimated cash flows at risk-free rates as well. Under statutory reporting, those loans are carried at nominal value. In statutory reporting, receivables from reinsurance include the receivable on deposit accounted business, while in SST this is part of the best estimate liabilities.

Re/insurance recoverable from retrocessions
Differences in valuation: Same principles apply as for re/insurance liabilities before retrocession described below.

Other assets

Differences in valuation: In SST, other assets are measured at fair value. In statutory reporting, other assets are generally carried at nominal value. For statutory reporting, derivative financial instruments which have an observable market price and are traded in an active and liquid market are recorded at market value. In addition, assets in derivative financial instruments that have an observable market price and are traded in an active and liquid market are recorded at market value. Deferred acquisition costs are not valued for SST. In SST, assets related to securities lending and repurchase agreements are represented on a gross basis on the balance sheet with a corresponding payable in liabilities, whereas in statutory reporting these positions are presented on a net basis under certain criteria.

Liabilities

USD millions	Swiss Statutory	SST	Difference
Re/insurance liabilities before retrocession	94 328	77 196	−17 132
Unit-linked and with-profit liabilities			n/a
Debt	11 677	11 912	235
Funds held under reinsurance treaties	8 511	9 112	602
Other liabilities	25 235	19 126	−6 108
Total liabilities	**139 751**	**117 347**	**−22 404**

Re/insurance liabilities before retrocession

Differences in valuation: SST uses best estimates to value the re/insurance liabilities. Statutory reporting values reinsurance liabilities at best estimates and for life and health business requires provisions for adverse deviations (PADs). For non-life business, statutory reporting allows for an equalisation provision. Other valuation differences arise from the discounting of the liability cash flows. In SST, liabilities are generally discounted using current market risk-free rates. Under statutory reporting, discounting of life and health technical provisions generally uses asset-consistent yields, whereas there is generally no discounting for non-life business. SST includes here also the market value margin, i.e. the minimum cost of holding capital after the one-year SST period until the end of a potential run-off period. There is no market value margin under statutory reporting. It should also be noted that in some instances certain additional methodological differences may exist between the two valuation bases.

For more details on the general differences in valuation of re/insurance liabilities, please refer to the table in the methodology section in the Appendix.

Differences in scope: SST reports reinsurance liabilities before retrocession including a first of January recognition adjustments for intra-group transactions while statutory reports year-end figures.

Debt

Differences in valuation: SST excludes own credit risk in the valuation of debt not qualified as SST supplementary capital. SST supplementary capital instruments are fair valued. In statutory reporting, debt is carried at redemption value.

Funds held under reinsurance treaties

Differences in valuation: Same principles apply as for funds held by ceding companies before retro-cession described above.

Other liabilities

Differences in valuation: In SST, no specific provision is made for currency fluctuations. In statutory reporting, a provision for currency fluctuation comprises the net effect of foreign exchange gains and losses arising from the revaluation of the balance sheet at year-end. Derivative financial instruments are measured at fair value under SST. In statutory reporting, derivatives which have an observable market price and are traded in an active and liquid market are recorded at market value. Additionally, this position includes reinsurance contracts or features embedded in reinsurance contracts that fulfil the characteristics of derivative financial instruments. For such contracts, premiums received may be recognised as income prior to contract expiration or settlement, in cases where the recorded commitment has already reached the maximum liability amount potentially payable under the terms of the respective contracts. Decreases in the liability amounts prior to expiration or settlement are only recognised as income for contracts for which hedging instruments are in place.

Capital management

SRZ has become the main direct wholly owned operating subsidiary of Swiss Re Ltd. SRZ in turn holds separate holding companies for the Business Units Reinsurance and Corporate Solutions, as well as for the Division iptiQ.

The risk tolerance respectability criteria for the Swiss Re Group are set out in the Group Risk Policy. The Group and SRZ Boards are responsible for approving the risk tolerance criteria, as well as for monitoring and reviewing risk tolerance. To ensure the resilience of SRZ as the main operating entity from a capital and liquidity perspective, Swiss Re's risk tolerance criteria include resilience limits for SRZ to ensure that the main operating entity is able to withstand capital and liquidity stresses.

Change in shareholder's equity – Swiss statutory

CHF millions	Share capital	Legal capital reserves	Legal profit reserves	Voluntary profit reserves	Retained earnings brought forward	Net income for financial year	Total shareholder's equity
Shareholder's equity 1.1.2022	34	6 437	650	6 637	31	–339	13 450
Allocations relating to the dividend paid		–1 107		1 107	–339	339	0
Dividend for the financial year 2021				–1 107			–1 107
Contribution in-kind in 2022[1]				9			9
Net income for the financial year						–581	–581
Shareholder's equity 31.12.2022	34	5 330	650	6 646	–308	–581	11 771
Shareholder's equity 1.1.2023	34	5 330	650	6 646	–308	–581	11 771
Allocations relating to the dividend paid		–1 104		1 104			0
Loss offsetting				–889	308	581	0
Dividend for the financial year 2022				–1 104			–1 104
Contribution in-kind in 2023[2]		1					1
Net income for the financial year						4 206	4 206
Shareholder's equity 31.12.2023	**34**	**4 227**	**650**	**5 757**	**0**	**4 206**	**14 874**

[1] The merger with two direct subsidiaries resulted in a net gain of CHF 9 million. This merger gain was reflected in the Company`s books in voluntary profit reserves with an accounting effective date 1 April 2022 and 1 October 2022, respectively, as shown in the table above.

[2] Contribution in-kind of Swiss Re Finance (UK) Plc on 16 May 2023 from the parent company Swiss Re Ltd..

Shareholder's equity

Shareholder's equity increased from CHF 11 771 million as of 31 December 2022 to CHF 14 874 million as of 31 December 2023.

The net increase of CHF 3 103 million was driven by the net income for the financial year 2023 of CHF 4 206 million, partly offset by a cash dividend payment for the financial year 2022 of CHF 1 104 million.

Solvency

SRZ uses an internal risk model to determine the economic capital required to support the risks on the SRZ's book, as well as to allocate risk-taking capacity to the different lines of business. The model also provides the basis for capital cost allocation, which is used for pricing, profitability evaluation and compensation decisions. In addition to these internal purposes, the model is used to determine regulatory capital requirements under economic solvency frameworks such as SST and Solvency II.

For more information, please see the *Internal control system and risk model* section in the Risk management (Online Only) download of the 2023 Financial Report.

In 2017, FINMA approved Swiss Re's internal model and its components for SST reporting purposes under their revised model review process.

Since SST 2023, the following major model change has been implemented and approved by FINMA for SST 2024:

- Risk exposures for financial market risk and for default-related effects that were previously based on Swiss Re's internal Economic Value Management view have now been linked to SST quantities. This change does not have a significant impact on the solvency ratio.

Solvency

SRZ maintains a strong capital position, with the SST 2024 ratio increasing by 1pp to 275% compared to SST 2023. The increase was mainly driven by positive investment and underwriting contributions as well as higher short-term interest rates, partially offset by dividends, subordinated debt buyback and higher financial market risk.

Prior to SST 2024, the ratio was calculated as SST risk-bearing capital (SST RBC) minus market value margin (MVM), divided by SST target capital (SST TC) minus market value margin.

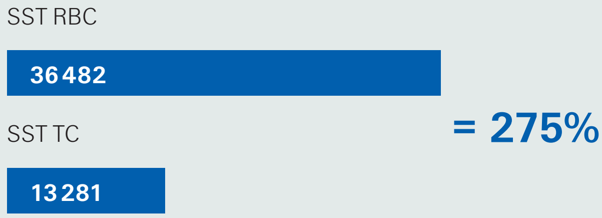
In accordance with the update of the ISO regulation with effect from 1 January 2024, the SST 2024 ratio is calculated as SST risk-bearing capital divided by SST target capital, with both components having new definitions:

- SST RBC is lower under the new ISO because it includes a deduction for market value margin
- SST TC is lower under the new ISO because market value margin is not included any more

These changes have no impact on the value of the SST ratio.

Solvency overview

SST 2024 in USD millions



SST 2023 in USD millions
based on new ISO

SST RBC: SST risk-bearing capital
SST TC: SST target capital

SST risk-bearing capital

The SST RBC is derived from the market conform value of assets minus market conform value of liabilities before MVM and SST capital costs, which is adjusted for the items shown in the table below.

USD millions	SST 2023 based on new ISO	SST 2024	Change
Market conform value of assets minus market conform value of liabilities before MVM and SST capital costs	**41 263**	**44 564**	**3 301**
Market value margin	–4 343	–4 288	55
SST capital costs	–6 980	–7 514	–534
Market conform value of assets minus market conform value of liabilities	**29 941**	**32 763**	**2 822**
Deductions	–1 749	–2 108	–359
SST net asset value	**28 192**	**30 655**	**2 463**
Tier 1 risk-absorbing capital instruments counted towards core capital			n/a
SST core capital	**28 192**	**30 655**	**2 463**
Supplementary capital	**6 882**	**5 827**	**–1 055**
SST RBC	**35 074**	**36 482**	**1 408**

The increase in SST net asset value (SST NAV) to USD 30.7 billion was mainly driven by positive investment and underwriting contributions, partially offset by dividends.

The overall contribution from underwriting activities was positive, mainly reflecting favourable underwriting results from Property & Casualty Reinsurance and Corporate Solutions. This was partially offset by negative underwriting performance from Life & Health Reinsurance and Group items:

- The Property & Casualty Reinsurance positive underwriting contribution was mainly driven by strong renewals outcome and reserve releases in property and specialty. This was partially offset by reserve strengthening in US casualty, and natural catastrophe losses such as earthquake in Turkey and Syria, Cyclone Gabrielle and flooding in New Zealand.
- The Life & Health Reinsurance negative underwriting contribution was mainly driven by unfavourable assumption changes, and elevated mortality experience in the US. This was partially offset by transactional business.
- The Corporate Solutions positive underwriting contribution mainly reflected a robust underwriting result due to a steadily improved portfolio resilience driven by stringent portfolio steering and disciplined underwriting, supported by lower overall large losses and favourable experience variances in property and specialty.
- The Group items negative underwriting contribution was mainly related to adverse assumption updates and experience variances in iptiQ as well as unfavourable run-off business and increased Group overhead expenses. These were partially offset by a contribution in kind of an affiliated company by Swiss Re Ltd.

The positive investment contribution was mainly driven by outperformance in credit products and favourable interest rates impact.

Foreign exchange impacts were positive mostly driven by the depreciation of the US dollar against major currencies.

The market value margin is added as a liability in accordance with Art. 30 para. 2 ISO. Market value margin remained stable, as the impact of lower interest rates in most major currencies was offset by parameter updates in mortality trend and critical illness.

The increase in SST capital costs was mainly driven by lower interest rates and the appreciation of major currencies against the US dollar, partially offset by parameter updates for mortality trend and critical illness.

Deductions mainly reflect projected dividend (to be paid in 2024) as well as deferred and transactional real estate specific taxes.

The decrease in supplementary capital was mainly driven by the buyback of subordinated debt instruments that are eligible supplementary capital under SST as well as the redemption of one supplementary capital instrument, partially offset by market value movements.

SST target capital

To derive SST target capital, total risk is adjusted for the line item Other impacts as shown below. Other impacts mainly reflect the impact from business development over the forecasting period.

USD millions	SST 2023 based on new ISO	SST 2024	Change
Total risk	**18 799**	**20 058**	**1 258**
Other impacts	–6 007	–6 777	–771
SST target capital	**12 793**	**13 281**	**488**

SST target capital increased to USD 13.3 billion, driven by the increase in total risk, partially offset by higher short-term interest rates (see *Risk profile* for details).

Outlook

In accordance with Art. 34 para 3 letter a ISO, SRZ has two supplementary capital instruments with an option to call within the next 12 months: the 4.50% Subordinated Fixed Rate Resettable Callable Loan Notes issued by SRZ with scheduled maturity in 2044, with market value as of 31 December 2023 of USD 502 million; and an internal loan in respect of the 4.250% Guaranteed Perpetual Subordinated Fixed Spread Callable Notes issued by Swiss Re Finance (Luxembourg) S.A. and guaranteed by SRZ, with market value as of 31 December 2023 of USD 628 million. Further information in respect of such public instruments is available under *www.swissre.com/investors/debt.html.*

Swiss Re Nexus Reinsurance Company Ltd

Management summary

In SST 2024, the capital position of Swiss Re Nexus Reinsurance Company Ltd (SRN) remained very strong, with the SST ratio increasing to 467%, 39pp higher than in SST 2023. The increase was due to higher SST risk-bearing capital, mainly driven by positive investment contribution.

Prior to SST 2024, the ratio was calculated as SST risk-bearing capital (SST RBC) minus market value margin (MVM), divided by SST target capital (SST TC) minus market value margin.

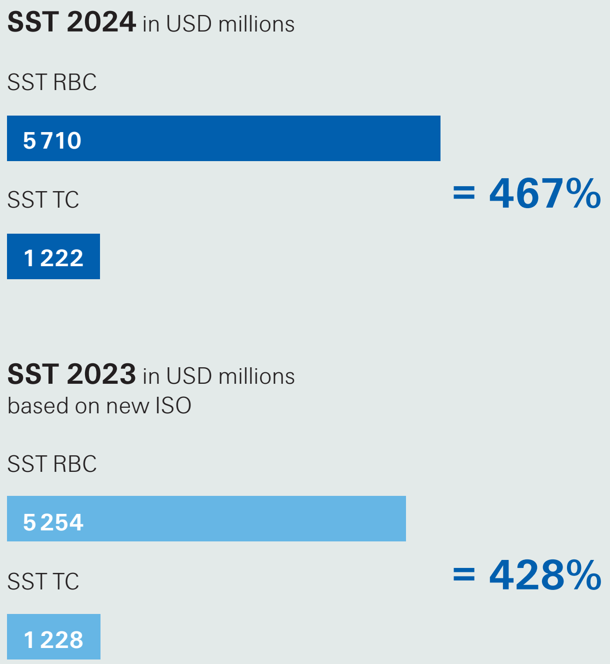
In accordance with the update of the Insurance Supervision Ordinance (ISO) regulation with effect from 1 January 2024, the SST 2024 ratio is calculated as SST risk-bearing capital divided by SST target capital, with both components having new definitions:

- SST RBC is lower under the new ISO because it includes a deduction for market value margin
- SST TC is lower under the new ISO because market value margin is not included any more

These changes have no impact on the value of the SST ratio.

This Report provides qualitative and quantitative information about the financial condition of SRN.

Solvency overview



SST RBC: SST risk-bearing capital
SST TC: SST target capital

Business activities	In this section, we provide information about the business model, the strategy and significant events. *> Read more*
Performance	We present the performance of the year under review based on the Swiss statutory income statement. *> Read more*
Governance and risk management	This section provides an overview of the system of governance, key governing bodies, risk management systems and policies. *> Read more*
Risk profile	The main components of the total risk calculated under SST are discussed in this section. *> Read more*
Valuation	In this section, we provide the SST balance sheet and additional quantitative and qualitative explanations on differences to the audited statutory financial statements of SRN. *> Read more*
Capital management	SRN's capital management strategy and key changes in 2023 are discussed in this section. *> Read more*
Solvency	This section presents SRN's SST calculation and includes explanations on changes compared to the prior year. *> Read more*

Business activities

Life & Health Reinsurance business

Market environment
The global life reinsurance premiums decreased by 5.0% year-on-year in real terms in 2023. In advanced markets, the life reinsurance market contracted by 6.8% in real terms. The global life reinsurance profitability improved in 2023, supported by higher interest rates and much lower COVID-19 mortality claims.

Overall, life underwriting performance was positive in 2023. However, while the acute impacts of COVID-19 have faded, mortality has not reverted to pre-pandemic levels everywhere. The re/insurance industry is closely monitoring mortality and morbidity developments, and partially adjusted mortality pricing in 2023 to account for the longer-term implications of the pandemic.

Longevity risk transfer is a growth area underpinning a very active pension risk transfer market in the UK, with record-level transfers achieved in 2022 and 2023. Longevity reinsurance is central to the pricing of annuity transactions, as insurers offering the said transactions to pension funds typically look to simultaneously access reinsurance capacity to hedge at least part of the longevity risk inherent in these lines.

Outlook
The Company forecasts global life reinsurance premiums to increase in real terms by 1.4% and 2.2% in 2024 and 2025, respectively. This is expected to be supported by a recovery in the primary life insurance market as macroeconomic conditions normalise by the end of 2024. North America and Advanced Europe are expected to grow slightly in 2024.

Property & Casualty Reinsurance business

Market environment
The global non-life reinsurance premiums grew by 4.1% in real terms in 2023, driven by strength in commercial lines, which account for most of the demand from primary insurers. The sector's capital base remains very strong and enables reinsurers to continue to fulfil their role as the backbone of the insurance industry and supporters of societal resilience.

Outlook
The January 2024 renewals were firm and underpin a positive outlook for the non-life reinsurance industry. Notable rate increases were limited to portfolios affected by higher claims developments. Such developments are likely to continue, where necessary, in relevant portfolios. The non-life reinsurance industry has a good chance to earn its cost of capital in 2024. Premium income growth is forecast to improve by 2.9% in real terms in 2024 and 2.3% in 2025, in parallel with growth in the primary non-life insurance market, with increased demand from the property line of business as the key driver.

Investments

Strategy and priorities
Financial investments are managed in accordance with the Swiss Re's Target Standard on Asset Management and SRN's investment guidelines, which are intended to ensure compliance with regulatory requirements. The general principle governing the management of investments in SRN is the creation of economic value based on returns relative to the liability benchmark, while adhering to the investment guidelines and the prudent person principle. The liability benchmark is determined by approximating an investable benchmark from projected liability cash flows.

Outlook
Global economic growth is expected to slow in 2024, as the cumulative interest rate hikes continue to feed through to the real economy while inflation is projected to remain above central bank targets. SRN believes that sovereign bond yields will settle in a higher range compared to the last decade, while further upside in risk assets will be more difficult to attain, also given stretched valuations. SRN aims to maintain its allocation to higher-quality credit products.

Reinsurance and sub-holding companies

SRN, domiciled in Zurich, Switzerland, is a wholly owned subsidiary of Swiss Re Reinsurance Holding Company Ltd, whose ultimate parent company is Swiss Re Ltd, both domiciled in Zurich, Switzerland. SRN acts as operating reinsurance carrier to facilitate a sustainable intra-group retrocession structure for Swiss Re's global reinsurance franchise.

Claims on and obligations towards affiliated companies – Swiss statutory

CHF millions	2022	2023
Funds held by ceding companies	5 745	6 547
Premiums and other receivables from reinsurance	1 366	1 235
Other receivables	1 067	758
Debt		526
Reinsurance balances payable	834	339
Other liabilities	27	7

Share capital and major shareholder

The share capital of SRN amounted to CHF 10 million. It is divided into 10 000 registered shares, each with a nominal value of CHF 1 000. The shares were fully paid-in and held directly by Swiss Re Reinsurance Holding Company Ltd. As of 31 December 2023, SRN was a wholly owned subsidiary of Swiss Re Reinsurance Holding Company Ltd.

Variable interest entities

SRN has no off-balance sheet positions or risks transferred to special purpose vehicles.

Significant events

SRN recorded a net loss for 2023 of CHF 381 million, compared to a net income of CHF 834 million in 2022, mainly driven by a new life and health intra-group retrocession for US yearly renewable term (YRT) business with Swiss Reinsurance Company Ltd (SRZ) resulting in an initial loss of CHF 731 million due to the difference between the economic and statutory profit margins, as a consequence of the establishment of statutory provisions for adverse deviations.

There were several further transactions impacting SRN's balance sheet and income statement in 2023, including an increase of external retrocession for life and health business, as well as recaptures of several life and health treaties in Japan, Europe and Canada.

In addition, the financial year 2023 was characterised by significant foreign exchange movements, leading to material remeasurement impacts on SRN's balance sheet and to a net loss in the income statement of CHF 198 million, driven by the weakening of all major currencies against the Swiss franc.

According to its mandate, SRN continues to facilitate the capital and risk management of Swiss Re Group, notably within the framework of a sustainable intra-group retrocession structure for the global reinsurance franchise. In this context, SRN expects a positive impact for the financial year 2024 from a recapture of a life and health intra-group retrocession agreement with Swiss Reinsurance Company Ltd.

Report of the statutory auditor

In 2023, KPMG AG was the auditor of SRN. For more information, please see the *Report of the statutory auditor*.

Performance

Income statement – Swiss statutory

	Total		Life		Accident & Health		Motor		Property		Casualty		Miscellaneous	
CHF millions	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Reinsurance														
Premiums written gross	2 234	2 249	1 617	1 479	365	373	–104	7	342	348	24	32	–10	10
Premiums written retroceded	–72	–254	–133	–182			114		–53	–72				
Premiums written net	**2 162**	**1 995**	**1 485**	**1 297**	**365**	**373**	**10**	**7**	**288**	**276**	**24**	**32**	**–10**	**10**
Change in unearned premiums gross	54	–26	7	–3	2	2	128	–1	–68	–21	–12	–3	–3	
Change in unearned premiums retroceded	–116	2					–114		–2	2				
Premiums earned	**2 100**	**1 971**	**1 492**	**1 293**	**367**	**376**	**24**	**6**	**218**	**257**	**12**	**29**	**–13**	**10**
Other reinsurance revenues	455	445	471	392	–16	53								
Total revenues from reinsurance business	**2 555**	**2 416**	**1 963**	**1 685**	**351**	**429**	**24**	**6**	**218**	**257**	**12**	**29**	**–13**	**10**
Claims paid and claim adjustment expenses gross	–2 419	–216	–1 883	249	–399	–360	–99		–35	–103			–3	–2
Claims paid and claim adjustment expenses retroceded	178	83	83	83	6		89							
Change in unpaid claims and life and health benefits gross	1 428	–1 566	1 092	–1 621	345	86	98	–8	–97	–5	–7	–15	–3	–3
Change in unpaid claims and life and health benefits retroceded	–161	21	–65	21	–7		–90							
Change in unpaid claims for unit-linked life insurance														
Claims incurred	**–974**	**–1 678**	**–773**	**–1 268**	**–55**	**–274**	**–1**	**–8**	**–132**	**–108**	**–7**	**–15**	**–6**	**–5**
Acquisition and operating costs gross	–333	–301	–177	–144	–106	–78	–1	–1	–45	–66	–3	–9	–1	–3
Acquisition and operating costs retroceded	39	50	39	50										
Acquisition and operating costs net	**–294**	**–251**	**–138**	**–94**	**–106**	**–78**	**–1**	**–1**	**–45**	**–66**	**–3**	**–9**	**–1**	**–3**
Other reinsurance expenses	–434	–770	–336	–766	–98	–4								
Total expenses from reinsurance business	**–1 702**	**–2 699**	**–1 247**	**–2 128**	**–259**	**–356**	**–2**	**–9**	**–177**	**–174**	**–10**	**–24**	**–7**	**–8**
Investment income	64	113												
Investment expenses	–47	–22												
Investment result	**17**	**91**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Investment result from unit-linked life insurance														
Other financial income	6	34												
Other financial expenses	–39	–22												
Operating result	**837**	**–180**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Interest expenses on debt and subordinated liabilities														
Other income	2													
Other expenses	–5	–201												
Extraordinary income and expenses														
Income before income tax expense	**834**	**–381**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Income tax expense														
Net income/loss	**834**	**–381**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Reinsurance result

Total revenues and expenses from reinsurance business amounted to a loss of CHF 283 million in 2023, compared to a gain of CHF 853 million in 2022.

Life & Health Reinsurance result decreased from a gain of CHF 808 million in 2022 to a loss of CHF 370 million in 2023, largely driven by the loss at inception of a new intra-group retrocession for US YRT business with SRZ. In addition, 2022 benefitted from significant reserves releases following a comprehensive review of assumptions for provisions for adverse deviations, as well as from favourable movements in valuation interest rates.

Property & Casualty Reinsurance result increased from a gain of CHF 45 million in 2022 to a gain of CHF 87 million in 2023, driven by benign natural catastrophe experience, partly offset by a strengthening of the equalisation provision.

Premiums earned decreased from CHF 2 100 million in 2022 to CHF 1 971 million in 2023, mainly driven by lower premiums for life and health intra-group retrocession with the SRZ Canada branch, as well as an increased external retrocession for life and health business. This was partly offset by higher business volume from the property and casualty intra-group retrocession agreement with the SRZ Canada branch.

Claims incurred increased from CHF 974 million in 2022 to CHF 1 678 million in 2023. The comparison of the individual claims line items was affected by the restructuring of several intra-group retrocession agreements in both years, creating substantial changes year-over-year. In aggregate, these various movements fully offset each other.

Change in unpaid claims and life and health benefits led to an income of CHF 1 267 million in 2022 compared to an expense of CHF 1 545 million in 2023. The comparative period benefitted from significant reserve releases following the comprehensive review of assumptions for provisions for adverse deviations, and favourable movements in valuation interest rates. 2023 was impacted by the establishment of reserves following the assumption of the US YRT business with SRZ, fully offset in claims paid and claim adjustment expenses and change in unpaid claims.

Other reinsurance expenses increased from CHF 434 million in 2022 to CHF 770 million in 2023. The increase was mainly driven by the loss at inception from the new intra-group retrocession for US YRT business, and by one-off losses from the recapture of several mortality treaties related to the Canadian life and health business.

Investment result

Investment result increased from CHF 17 million in 2022 to CHF 91 million in 2023, mainly driven by increased regular income from fixed income securities and short-term investments, benefitting from the current market yields' environment. This was partly offset by fee expenses from securities lending and repurchase agreements and higher valuation adjustments on fixed income securities.

Other expenses

Other expenses increased from CHF 5 million in 2022 to CHF 201 million in 2023, mainly due to negative foreign exchange remeasurement impacts, mostly reflecting the weakening of the US dollar and the Canadian dollar against the Swiss franc.

Investment result – Swiss statutory

CHF millions	Income	Value readjustments	Realised gains	2023 Total
Investment income				
Fixed income securities	91		3	94
Other investments	19		0	19
Income from investment services	0			0
Investment income	**110**	**0**	**3**	**113**

CHF millions	Expenses	Value readjustments	Realised losses	2023 Total
Investment expenses				
Fixed income securities		–3	–4	–7
Other investments			0	0
Investment management expenses	–15			–15
Investment expenses	**–15**	**–3**	**–4**	**–22**
Investment result				**91**

CHF millions	Income	Value readjustments	Realised gains	2022 Total
Investment income				
Fixed income securities	50			50
Other investments	13			13
Income from investment services	1			1
Investment income	64	0	0	64

CHF millions	Expenses	Value readjustments	Realised losses	2022 Total
Investment expenses				
Fixed income securities		–18	–12	–29
Other investments				0
Investment management expenses	–17			–17
Investment expenses	–17	–18	–12	–47
Investment result				17

Governance and risk management

Board of Directors and Executive Management

Board of Directors
- Giovanni Gentile, Chairman
- Christian Herzog, Member of the Board of Directors
- Jennifer Mo Parets, Member of the Board of Directors
- Knut Pohlen, Member of the Board of Directors
- Felix Stutz, Member of the Board of Directors
- Torben Thomsen, Member of the Board of Directors

Changes in 2023
Jennifer Mo Parets has been elected as Member of the Board of Directors as of 20 December 2023. Réjean Besner stepped down as Member of the Board of Directors as of 19 December 2023.

Executive Management
- Sebastian Strasser, Chief Executive Officer, Member of the Executive Committee
- Tushar Chatterjee, Chief Risk Officer, Member of the Executive Committee
- Urs Spring, Chief Financial Officer, Member of the Executive Committee
- Colin Bannister, Appointed Actuary, not Member of the Executive Committee

Changes in 2023
Chris Mehta stepped down as Chief Risk Officer effective 31 May 2023 and was succeeded by Tushar Chatterjee as of 1 June 2023.

Governance and risk management

As a significant legal entity within the Swiss Re Group, SRN is subject to enhanced governance which includes the following requirements:

- Establish bylaws and terms of reference, outlining the roles and responsibilities of both the board and management

- Establish an Audit Committee

- Designate a Chief Risk Officer and Chief Financial Officer

All risk-related activities of SRN are subject to Swiss Re's risk management framework, which includes:

- An independent Risk Management function responsible for risk oversight and control across Swiss Re and comprises global departments that provide specialised risk expertise and oversight.

- A clearly defined risk control framework which comprises a body of standards that establish an internal control system for taking and managing risk.

Moreover, risk management activities at SRN are complemented by Swiss Re's Group Internal Audit and Compliance units.

Swiss Re's 2023 Financial Report describes the governance and risk management framework for the Group and its legal entities. For more information, please refer to the *Group Governance and risk management section > Read more*.

Risk profile

SRN is exposed to insurance and financial risks, as well as other risks that are not explicitly part of the economic capital requirement but are actively monitored and controlled due to their significance for the entity. These include operational, liquidity, model, valuation, regulatory, political and strategic risks (see *Swiss Re's risk landscape*, 2023 Financial Report, pages 60–61).

Life and health risk is mainly driven by mortality trend, lethal pandemic and lapse risk. Property and casualty risk mainly arises from natural catastrophe and business with exposure to terrorism risk.

The financial risk of SRN derives from both financial market risk and credit risk. Key drivers of financial market risk are foreign exchange and credit spread risk. Credit risk is mainly driven by the default risk on capital market products.

Total risk

Total risk is based on 99% tail value-at-risk (tail VaR) and represents the average unexpected loss that occurs with a frequency of less than once in 100 years over a one-year time horizon.

USD millions	SST 2023[1]	SST 2024	Change
Life and health	1 238	1 251	13
Property and casualty	706	729	23
Financial market	546	672	126
Credit[1]	95	114	19
Diversification	–1 071	–1 173	–102
Total risk	**1 514**	**1 593**	**80**

[1] The update to the ISO as of 1 January 2024 does not impact the SST 2023 risk figures in this table.
[2] Credit comprises credit default and migration risk from both asset management and underwriting. It excludes credit spread risk, which is part of financial market risk.

Total risk slightly increased to USD 1.6 billion, mainly driven by higher financial market risk.

- Life and health risk marginally increased due to various underlying offsetting movements.
- Property and casualty risk slightly increased, mainly driven by the appreciation of the Canadian dollar against the US dollar.
- Financial market risk increased due to additional sensitivity from the inclusion of the MVM within the RBC following the ISO revision and methodology changes related to the IFRS transition, as well as higher credit spread risk mainly resulting from higher market valuation of the investments.
- Credit risk increased, mainly resulting from higher market valuation of the investments.

Swiss Re's internal model takes account of the accumulation and diversification between individual risks. The effect of diversification at the category level, which is shown in the table above, represents the difference between total risk (the company's 99% tail VaR) and the sum of standalone tail VaR amounts for the individual risk categories. This amount does not reflect diversification within risk categories. The extent of diversification is largely determined by the selected level of aggregation – the higher the aggregation level, the lower the diversification effect.

Operational risk

SRN uses a Group-wide risk matrix methodology and Swiss Re's Global Risk Register to capture operational risks. The matrix focuses on risks approaching or exceeding SRN's own risk tolerance as they require management actions. Adherence to risk tolerance is monitored and reported at least on a quarterly basis. The overall control environment within SRN remains adequate.

Current key focus areas of SRN's operational risk management include further enhancing Swiss Re's cyber security and business resilience as well as increased oversight of the risks resulting from the transition to International Financial Reporting Standards (IFRS).

Other significant risks

For details on other significant risks, including liquidity, model, valuation, regulatory, political, strategic and sustainability risks, see the Group's 2023 Financial Report sections on *Liquidity Management* on page 52, *Swiss Re's risk landscape* on pages 60–61, and *Management of other significant risks* on pages 66–69.

Risk concentration

Among tested financial market sensitivities, SRN's SST ratio is most sensitive to a 50-basis point decrease in interest rates.

Risk mitigation

SRN's risk limit framework consists of risk limits and risk triggers.

Valuation

SST balance sheet

The SST balance sheet is prepared based on the same market-consistent valuation principles as applied in Swiss Re's internal Economic Value Management (EVM) framework. Until and including SST 2024, EVM is used as a basis for preparing the SST balance sheet and valuation adjustments to EVM mainly affect capital costs and deferred taxes. With the adoption of IFRS as the new accounting basis as of financial year 2024, Swiss Re will discontinue EVM reporting.

The comparative SST 2023 balance sheet below reflects the new requirements in accordance with the ISO with effect from 1 January 2024. The difference between assets and liabilities is defined as the market conform value of assets minutes market conform value of liabilities, which is the basis for the calculation of the SST risk-bearing capital (RBC).

The SST valuation methodology is further described in the > *Appendix* of this Report.

USD millions		Notes	SST 2023 based on new ISO	SST 2024	Change
Market conform value of investments	Real estate				n/a
	Participations				n/a
	Fixed-income securities	1	2 153	2 824	670
	Loans				n/a
	Mortgages				n/a
	Equities				n/a
	Other investments		**433**	**505**	**71**
	Collective investment schemes				n/a
	Alternative investments				n/a
	Structured products				n/a
	Other investments	2	433	505	71
	Total investments		**2 587**	**3 328**	**742**
Market conform value of other assets	Financial investments from unit-linked life insurance				n/a
	Receivables from derivative financial instruments				n/a
	Deposits made under assumed reinsurance contracts	3	8 149	8 338	189
	Cash and cash equivalents	4	199	25	–174
	Reinsurers' share of best estimate of provisions for insurance liabilities	**5**	**–143**	**–260**	**–117**
	Direct insurance: life insurance business (excluding unit-linked life insurance)				n/a
	Reinsurance: life insurance business (excluding unit-linked life insurance)		–143	–260	–117
	Direct insurance: non-life insurance business				n/a
	Direct insurance: health insurance business				n/a
	Reinsurance: non-life insurance business				n/a
	Reinsurance: health insurance business				n/a
	Direct insurance: other business				n/a
	Reinsurance: other business				n/a
	Direct insurance: unit-linked life insurance business				n/a
	Reinsurance: unit-linked life insurance business				n/a
	Fixed assets				n/a
	Deferred acquisition costs				n/a
	Intangible assets				n/a
	Receivables from insurance business		1 587	1 532	–56
	Other receivables	6	1 174	924	–250
	Other assets				n/a
	Unpaid share capital				n/a
	Accrued assets				n/a
	Total other assets		**10 967**	**10 559**	**–408**
Total market conform value of assets			**13 553**	**13 887**	**334**

USD millions		Notes	SST 2023 based on new ISO	SST 2024	Change
Market conform value of liabilities (including unit-linked life insurance)	**Best estimate of provisions for insurance liabilities**	**7**	**6358**	**6401**	**43**
	Direct insurance: life insurance business (excluding unit-linked life insurance)				n/a
	Reinsurance: life insurance business (excluding unit-linked life insurance)		6209	6208	–1
	Direct insurance: non-life insurance business				n/a
	Direct insurance: health insurance business				n/a
	Reinsurance: non-life insurance business		150	193	44
	Reinsurance: health insurance business				n/a
	Direct insurance: other business				n/a
	Reinsurance: other business				n/a
	Best estimate of provisions for unit-linked life insurance liabilities		**0**	**0**	**0**
	Direct insurance: unit-linked life insurance business				n/a
	Reinsurance: unit-linked life insurance business				n/a
	Market value margin	8	1086	1176	90
Market conform value of other liabilities	Non-technical provisions		4	4	0
	Interest-bearing liabilities				n/a
	Liabilities from derivative financial instruments				n/a
	Deposits retained on ceded reinsurance				n/a
	Liabilities from insurance business	9	820	586	–234
	Other liabilities		31	9	–21
	Accrued liabilities				n/a
	Subordinated debts				n/a
Total market conform value of liabilities			**8299**	**8177**	**–123**
Market conform value of assets minus market conform value of liabilities			**5254**	**5710**	**456**

Notes
1. The increase in fixed income securities reflected mainly the purchase of government bonds as well as the positive impact from unrealised gains.
2. The increase in other investments was mainly related to increased short term investments.
3. The increase in deposits made under assumed reinsurance contracts was mainly driven by the higher funds withheld and policy loan balances on the US closed book business, partially offset by lower funds withheld on Asian business.
4. The decrease in cash and cash equivalents was mainly related to the purchase of fixed income securities and short-term investment products.
5. The decrease of reinsurers' share of best estimate of provisions for insurance liabilities was mainly driven by the increased external retrocession for life and health business.
6. The decrease of other receivables was mainly related to a lower cash pooling balance.
7. The increase of best estimate of provisions for insurance liabilities was predominantly driven by volume growth for property and casualty business from SRZ Canada branch.
8. The market value margin is added as a liability in accordance with Art. 30 para. 2 ISO. The increase in market value margin was mainly driven by lower Canadian dollar interest rates and model parameters update, partially compensated by the increased external retrocession.
9. The decrease of liabilities from insurance business was mainly driven by the change in the unsettled balances of the US closed book business.

SST balance sheet comparison with Swiss statutory

The SST balance sheet comparison with the audited Swiss statutory financial statements provides insights on the main valuation and scope differences.

An overview of the main valuation and scope differences and the definition of the aggregated line items are included in the > *Appendix* of this Report.

Assets

USD millions	Swiss Statutory	SST	Difference
Real estate			n/a
Investments in subsidiaries and affiliated companies			n/a
Fixed income securities	2 864	2 824	–41
Loans			n/a
Mortgages			n/a
Equity securities			n/a
Other investments	519	505	–14
Investments for unit-linked and with-profit business			n/a
Cash and cash equivalents	2	25	23
Funds held by ceding companies and other receivables from reinsurance	9 315	9 870	555
Reinsurance recoverable from retrocessions	214	–260	–474
Other assets	957	924	–33
Total assets	**13 871**	**13 887**	16

Fixed income securities
Differences in scope: The distinction between fixed income securities, short-term investments and cash and cash equivalents is based on the remaining duration at time of purchase in SST, and on initial duration in statutory reporting.

Differences in valuation: SST carries fixed income securities at market value. In statutory reporting, fixed income securities are valued at amortised cost less necessary depreciation to address other than temporary market value decreases.

Other investments
Differences in scope: The distinction between short-term investments, included in other investments, fixed income securities and cash and cash equivalents is based on the remaining duration at time of purchase in SST, and on initial duration in statutory reporting.

Cash and cash equivalents
Differences in scope: The distinction between cash and cash equivalents, short-term investments and fixed income securities is based on the remaining duration at time of purchase in SST, and on initial duration in statutory reporting.

Funds held by ceding companies and other receivables from reinsurance
Differences in valuation: In SST, funds held by ceding companies for which an interest is credited are valued by discounting future estimated cash flows at risk-free rates. Under statutory reporting, funds held are generally measured at the consideration received or at market value of the underlying assets. Furthermore, in SST policy loans for corporate-owned life insurance, included in the funds held, are valued by discounting future estimated cash flows at risk-free rates as well. Under statutory reporting, those loans are carried at nominal value. In statutory reporting, receivables from reinsurance include the receivables on deposit accounted business, while in SST this is part of the best estimate liabilities.

Re/insurance recoverable from retrocessions
Differences in valuation: Same principles apply as for re/insurance liabilities before retrocession described below.

Other assets
Differences in valuation: In SST, other assets are measured at fair value. In statutory reporting, other assets are generally carried at nominal value. Derivative financial instruments in statutory reporting are generally accounted based on the lower of cost or market principle under Swiss Company Law. Deferred acquisition costs are not valued for SST.

Liabilities

USD millions	Swiss Statutory	SST	Difference
Re/insurance liabilities before retrocession	9816	7577	–2238
Unit-linked and with-profit liabilities			n/a
Debt	625		–625
Funds held under reinsurance treaties			n/a
Other liabilities	493	599	105
Total liabilities	**10934**	**8177**	**–2757**

Re/insurance liabilities before retrocession
Differences in valuation: SST uses best estimates to value the re/insurance liabilities Statutory reporting values reinsurance liabilities at best estimates and for life and health business requires provisions for adverse deviations (PADs). For non-life business, statutory reporting allows for an equalisation provision. Other valuation differences arise from the discounting of the liability cash flows. In SST, liabilities are generally discounted using current market risk-free rates. Under statutory reporting, discounting of life and health technical provisions generally uses asset-consistent yields, whereas there is generally no discounting for non-life business. SST includes here also the market value margin, i.e. the minimum cost of holding capital after the one-year SST period until the end of a potential run-off period. There is no market value margin under statutory reporting. It should also be noted that in some instances certain additional methodological differences may exist between the two valuation bases.

For more details on the general differences in valuation of re/insurance liabilities, please refer to the table in the methodology section in the > *Appendix*.

Differences in scope: SST reports reinsurance liabilities before retrocession including first of January recognition adjustments while statutory reports year-end figures.

Other liabilities
Differences in valuation: In SST, no specific provision is made for currency fluctuations. In statutory reporting, a provision for currency fluctuation comprises the net effect of foreign exchange gains and losses arising from the revaluation of the opening balance sheet and the translation adjustment of the income statement from average to closing exchange rates at year-end. Derivative financial instruments are measured at fair value under SST. In statutory reporting, derivatives are generally valued based on the lower of cost or market principle under Swiss Company Law.

Capital management

SRN has established a capital target based on SST capital, in line with the Group approach to capitalising subsidiaries. This is used as a basis for capital planning and determining capital management actions. The entity is expected to operate in a range around the target (subject to any other constraints), with any deficits addressed through capital contributions from Group or other actions.

Change in shareholder's equity – Swiss statutory

CHF millions	Share Capital	Legal capital reserves	Voluntary profit reserves	Net income/loss for the financial year	Total shareholder's equity
Shareholder's equity 1.1.2022	10	5	2301	–297	2019
Allocations			–297	297	
Net income for the financial year				834	834
Shareholder's equity 31.12.2022	**10**	**5**	**2004**	**834**	**2853**
Shareholder's equity 1.1.2023	10	5	2004	834	2853
Allocations			834	–834	0
Net loss for the financial year				–381	–381
Shareholder's equity 31.12.2023	**10**	**5**	**2838**	**– 381**	**2472**

Shareholder's equity

Shareholder's equity decreased from CHF 2 853 million as of 31 December 2022 to CHF 2 472 million as of 31 December 2023. The decrease was driven by the net loss for the financial year 2023 of CHF 381 million.

Solvency

SRN uses an internal risk model to determine the economic capital required to support the risks on SRN's book, as well as to allocate risk-taking capacity to the different lines of business. The model also provides the basis for capital cost allocation which is used for pricing, profitability evaluation and compensation decisions. In addition to these internal purposes, the model is used to determine regulatory capital requirements under economic solvency frameworks such as the SST and Solvency II.

For more information, please see the *Internal control system and risk model* section in the Risk management (Online Only) download of the 2023 Financial Report.

In 2017, FINMA approved Swiss Re's internal model and its components for SST reporting purposes under their revised model review process.

Since SST 2023, the following major model change has been implemented and approved by FINMA for SST 2024:

- Risk exposures for financial market risk and for default-related effects that were previously based on Swiss Re's internal Economic Value Management view have now been linked to SST quantities. This change does not have a significant impact on the solvency ratio.

Solvency

In SST 2024, the capital position of SRN remained very strong, with the SST ratio increasing to 467%, 39pp higher than in SST 2023. The increase was due to higher SST risk-bearing capital, mainly driven by positive investment contribution.

Prior to SST 2024, the ratio was calculated as SST risk-bearing capital (SST RBC) minus market value margin (MVM), divided by SST target capital (SST TC) minus market value margin.

In accordance with the update of the ISO regulation with effect from 1 January 2024, the SST 2024 ratio is calculated as SST risk-bearing capital divided by SST target capital, with both components having new definitions:

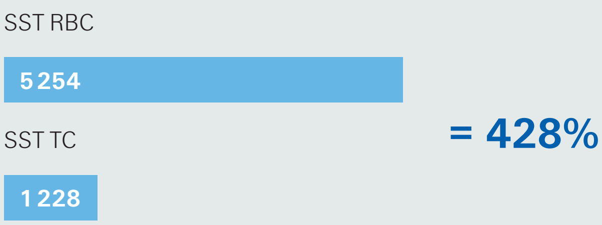
- SST RBC is lower under the new ISO because it includes a deduction for market value margin
- SST TC is lower under the new ISO because market value margin is not included any more

These changes have no impact on the value of the SST ratio.

Solvency overview

SST 2024 in USD millions

SST 2023 in USD millions
based on new ISO



SST RBC: SST risk-bearing capital
SST TC: SST target capital

SST risk-bearing capital

The SST RBC is derived from the market conform value of assets minus market conform value of liabilities before MVM and SST capital costs, which is adjusted for the items shown in the table below.

USD millions	SST 2023 based on new ISO	SST 2024	Change
Market conform value of assets minus market conform value of liabilities before MVM and SST capital costs	**6 340**	**6 886**	**546**
Market value margin	−1 086	−1 176	−90
SST capital costs			n/a
Market conform value of assets minus market conform value of liabilities	**5 254**	**5 710**	**456**
Deductions			n/a
SST net asset value	**5 254**	**5 710**	**456**
Tier 1 risk absorbing capital instruments added to supplementary capital			n/a
SST core capital	**5 254**	**5 710**	**456**
Supplementary capital			**n/a**
SST RBC	**5 254**	**5 710**	**456**

The increase of SST net asset value (SST NAV) to USD 5.7 billion was largely driven by positive investment contribution, which benefitted from the favourable interest rate environment and credit spread tightening. Additional positive impacts arose from foreign exchange developments. These movements were partially offset by the change in market value margin.

The market value margin is added as a liability in accordance with Art. 30 para. 2 ISO. The increase in the market value margin was mainly driven by lower Canadian dollar interest rates and model parameters update, partially compensated by the increased outgoing external retrocession.

No dividend projection is included for SST 2024.

SRN has no supplementary capital.

SST target capital

To derive the SST TC, total risk is adjusted for the line item "Other impacts" as shown below. Other impacts mainly reflect the impact from business development over the forecasting period and requirements from FINMA that are not included in total risk because they are not consistent with Swiss Re's own risk view.

USD millions	SST 2023 based on new ISO	SST 2024	Change
Total risk	**1 514**	**1 593**	**79**
Other impacts	–286	–371	–85
SST target capital (TC)	**1 228**	**1 222**	**–6**

SST TC remained stable to USD 1.2 billion (see section Risk Profile for details).

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Swiss Re International SE, Luxembourg, Zurich branch

Management summary

Swiss Re International SE, Luxembourg, Zurich branch (SRI SE Zurich branch), domiciled in Zurich, Switzerland, is a re/insurance branch within the Swiss Re Group. SRI SE Zurich branch engages in Swiss domestic and foreign re/insurance business.

SRI SE Zurich branch is part of Swiss Re International SE, Luxembourg, which is regulated by the Commissariat aux Assurances, the Luxembourg insurance supervisory authority. SRI SE Zurich branch is also locally supervised by FINMA, the Swiss insurance supervisory authority. Information about the solvency position of Swiss Re International SE, Luxembourg is disclosed according to Luxembourg regulations only. Swiss regulations do not require the disclosure of solvency information of SRI SE Zurich branch in this Report.

This Report provides qualitative and quantitative information about the statutory financial condition of SRI SE Zurich branch.

Business activities

In this section, we provide information about the business model, the strategy and significant events. > *Read more*

Performance

We present the performance of the year under review based on the Swiss statutory income statement. > *Read more*

Business activities

Re/insurance strategy and priorities

Strategy and priorities

Swiss Re International SE, Luxembourg, through its branches, conducts re/insurance business and is committed to deliver long-term profitability and economic growth. It offers customised, innovative multi-line, multi-year risk transfer solutions, taking into account the unique needs of local markets and specialty industries.

SRI SE Zurich branch's future path is centred around capturing profitable growth while leveraging distinctive competitive strengths with a focused portfolio strategy that will build resilience in all market cycles. This will be further supported by strategic investments to capture existing market opportunities and expand through innovative risk solutions, international programmes and data/digital solutions and services that help address customer pain points and industry inefficiencies.

Outlook

Following the positive pricing momentum across many lines and markets, the 2024 season may observe a hard cycle peak in selected markets especially for shorter-tail types of business. Price pressure could increase as competitors focus on growth and deploy capacity following their own turnaround to profitability. Despite interest rate hikes having paused and inflation moderated, global economic uncertainty remains heightened from geopolitical conflicts.

Investments

Strategy and priorities

Financial investments are managed in accordance with Swiss Re's Asset Management Framework and SRI SE Zurich branch's investment guidelines, which are intended to ensure compliance with regulatory requirements, in particular Swiss guidelines on Tied Assets. The general principle governing the management of investments in SRI SE Zurich branch is the creation of economic value based on returns relative to the liability benchmark, while adhering to the investment guidelines and the general prudence principle. The liability benchmark is determined by approximating an investable benchmark from projected liability cash flows.

Outlook

Global economic growth is expected to slow in 2024, as the cumulative interest rate hikes are expected to continue to feed through to the real economy while inflation is projected to remain above central bank targets. Swiss Re believes that sovereign bond yields will settle in a higher range compared to the last decade, while further upside in risk assets will be more difficult to attain, also given stretched valuations. Swiss Re aims to maintain its allocation to higher-quality credit products. In respect to its investment strategy, SRI SE Zurich branch adheres to the investment guidelines and the general prudence principle, with a continued focus on Environmental, Social and Corporate Governance (ESG) criteria.

Re/insurance and holding company

SRI SE Zurich branch is a re/insurance branch within the Swiss Re Group domiciled in Zurich, Switzerland. It is a branch of Swiss Re International SE, Luxembourg.

Claims on and obligations towards affiliated companies – Swiss statutory

CHF thousands	Affiliated companies 2022	Affiliated companies 2023
Premiums and other receivables from re/insurance	27 413	27 070
Other receivables	11 166	31 399
Funds held under re/insurance treaties	925	841
Re/insurance balances payable	88 218	104 143
Other liabilities	36 516	50 979

In 2023, KPMG AG was the auditor of SRI SE Zurich branch. For more information, please see the *Report of the statutory auditor*.

Performance

Income statement – Swiss statutory

CHF millions	2022	2023
Premiums written gross	178	177
Premiums written retroceded	–162	–162
Premiums written net	**16**	**15**
Change in unearned premiums gross	8	2
Change in unearned premiums retroceded	–7	–2
Premiums earned	**17**	**15**
Other re/insurance revenues		
Total revenues from re/insurance business	**17**	**15**
Claims paid and claim adjustment expenses gross	–130	–87
Claims paid and claim adjustment expenses retroceded	117	84
Change in unpaid claims gross	–20	–112
Change in unpaid claims retroceded	18	100
Change in unpaid claims for unit-linked life insurance		
Claims incurred	**–14**	**–15**
Acquisition and operating costs gross	–28	–39
Acquisition and operating costs retroceded	28	44
Acquisition and operating costs net	**0**	**5**
Other re/insurance expenses		–1
Total expenses from re/insurance business	**–14**	**–10**
Investment income	1	4
Investment expenses		
Investment result	**0**	**3**
Investment result from unit-linked life insurance		
Other financial income	1	
Other financial expenses		–1
Operating result	**4**	**8**
Interest expenses on debt and subordinated liabilities		
Other income		1
Other expenses		–3
Extraordinary income and expenses		
Income before income tax expense	**5**	**6**
Income tax expense		
Net income	**4**	**6**

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Income statement – Swiss statutory

	Total		Personal accident		Health		Direct inland business Motor		Transport		Fire, natural catastrophe, property		General liability		Miscellaneous		Direct foreign business Total	
CHF millions	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Premiums written gross	161	148							1	2	16	32	9	12	12	10	122	93
Premiums written retroceded	–150	–145							–1	–2	–15	–31	–9	–11	–11	–10	–114	–91
Premiums written net	**11**	**3**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1**	**1**	**1**	**0**	**1**	**0**	**8**	**2**
Change in unearned premiums gross	12	5										–3	1	–1	2		10	9
Change in unearned premiums retroceded	–11	–4										2	–1	1	–2		–8	–7
Premiums earned	**12**	**4**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1**	**0**	**1**	**0**	**1**	**0**	**9**	**4**
Other re/insurance revenues																		
Total revenues from re/insurance business	**12**	**4**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1**	**0**	**1**	**0**	**1**	**0**	**9**	**4**
Claims paid and claim adjustment expenses gross	–110	–87							–1	–1	–5	–6	–1	–2		–9	–102	–69
Claims paid and claim adjustment expenses retroceded	100	85							1	1	5	6	1	2		9	93	68
Change in unpaid claims gross	–35	–104							1	–1	2	4	4	–2	–1	2	–40	–107
Change in unpaid claims retroceded	32	94							–1	1	–2	–4	–4	1	1	–1	37	97
Change in unpaid claims for unit-linked life insurance																		
Claims incurred	**–13**	**–11**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**–12**	**–11**
Acquisition and operating costs gross	–27	–36							–2	–4	–7	–12	–7	–13	–4		–8	–8
Acquisition and operating costs retroceded	26	39							2	4	7	13	7	14	4		8	8
Acquisition and operating costs net	**–1**	**3**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1**	**0**	**1**	**0**	**0**	**0**	**1**
Other re/insurance expenses		–1														–1		
Total expenses from re/insurance business	**–13**	**–9**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1**	**0**	**1**	**0**	**–1**	**–13**	**–11**

	Total		Personal accident		Health		Motor		Marine, aviation, transport		Property		Casualty		Indirect business Miscellaneous	
CHF millions	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Premiums written gross	17	29							–2	1	19	28				
Premiums written retroceded	–12	–18							2	–1	–16	–20	2	2	1	1
Premiums written net	**5**	**12**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**2**	**8**	**3**	**3**	**1**	**1**
Change in unearned premiums gross	–4	–4							2		–6	–4				
Change in unearned premiums retroceded	3	3							–2		5	3				
Premiums earned	**4**	**11**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1**	**8**	**3**	**2**	**0**	**1**
Other re/insurance revenues																
Total revenues from re/insurance business	**4**	**11**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1**	**8**	**3**	**2**	**0**	**1**
Claims paid and claim adjustment expenses gross	–21	0									–20					
Claims paid and claim adjustment expenses retroceded	18	–1									18		–1	–2		
Change in unpaid claims gross	15	–8								–1	15	–7				
Change in unpaid claims retroceded	–14	6								1	–13	6				
Change in unpaid claims for unit-linked life insurance																
Claims incurred	**–2**	**–4**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**–1**	**–2**	**–1**	**–2**	**0**	**0**
Acquisition and operating costs gross	–1	–3									–1	–3				
Acquisition and operating costs retroceded	2	5									3	6		–1	–1	
Acquisition and operating costs net	**1**	**2**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**2**	**3**	**0**	**–1**	**–1**	
Other re/insurance expenses																
Total expenses from re/insurance business	**–1**	**–1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1**	**1**	**–1**	**–2**	**–1**	**0**

Total revenues and expenses from re/insurance business amounted to a revenue of CHF 5.0 million in 2023, compared to a revenue of CHF 2.7 million in 2022.

Premiums earned declined by CHF 1.9 million year-on-year to CHF 14.8 million. This was primarily due to decreases in general and professional liability, partially offset by higher volume in property line of business.

Claims incurred slightly increased by CHF 0.4 million to CHF 14.8 million in 2023. The increase was due to reserve strengthening mainly for man-made losses that occurred in current and prior years, partially offset by lower claims paid, primarily in property and liability line of business.

Acquisition and operating costs improved by CHF 4.9 million to CHF 5.4 million. While commissions decreased by CHF 1.3 million year-on-year, operating costs increased by CHF 12.2 million due to higher cost charges following a change of the cost allocation model. This was more than offset by CHF 15.8 million higher acquisition costs retroceded.

Investment result – Swiss statutory

CHF thousands	Income	Value readjustments	Realised gains	2023 Total
Investment income				
Fixed-income securities	763			763
Other investments (Short-term investments)	2 840		9	2 849
Investment income	**3 603**	**0**	**9**	**3 612**

	Expenses	Value adjustments	Realised losses	2023 Total
Investment expenses				
Other investments (Short-term investments)			–30	–30
Investment management expenses	–223			–223
Investment expenses	**–223**	**0**	**–30**	**–253**
Investment result	**3 380**	**0**	**–21**	**3 359**

CHF thousands	Income	Value readjustments	Realised gains	2022 Total
Investment income				
Fixed-income securities	152		0	152
Other investments (Short-term investments)	380		4	384
Investment income	532	0	5	537

	Expenses	Value adjustments	Realised losses	2022 Total
Investment expenses				
Other investments (Short-term investments)			–23	–23
Investment management expenses	–182			–182
Investment expenses	–182	0	–23	–205
Investment result	–350	0	–18	331

Change in capital and retained earnings – Swiss statutory

CHF thousands	Current account with Branch's head office	Retained earnings brought forward	Net result	Total
Beginning balance 1.1.2022	20458	–1382	6623	25699
Allocation		6623	–6623	0
Net income for the financial year			4365	4365
Net capital and retained earnings 31.12.2022	20458	5241	4365	30064
Beginning balance 1.1.2023	20458	5241	4365	30064
Allocation		4365	–4365	0
Prior year profits[1]		19794		19794
Net income for the financial year			6158	6158
Net capital and retained earnings 31.12.2023	**20458**	**29400**	**6158**	**56016**

[1] The increase of retained earnings is related to a CHF 19.8 million reclassification from Other liabilities. Prior year profits had been accumulated and inappropriately disclosed under Other liabilities.

iptiQ EMEA P&C S.A., Luxembourg, Zurich branch

Management summary

iptiQ EMEA P&C S.A., Zurich branch (iptiQ EMEA P&C Zurich branch), domiciled in Zurich, Switzerland, is an insurance branch within the Swiss Re Group. iptiQ EMEA P&C Zurich branch engages in personal lines insurance business in Switzerland. iptiQ EMEA P&C Zurich branch is part of iptiQ EMEA P&C S.A. which is regulated by the Commissariat aux Assurances, the Luxembourg insurance supervisory authority.

iptiQ EMEA P&C Zurich branch is also locally supervised by FINMA, the Swiss insurance supervisory authority. Information about the solvency position of iptiQ EMEA P&C S.A. is disclosed according to Luxembourg regulations only. Swiss regulations do not require the disclosure of solvency information of iptiQ EMEA P&C Zurich branch in this Report.

This Report provides qualitative and quantitative information about the statutory financial condition of iptiQ EMEA P&C Zurich branch.

On 1 January 2024 Mr. Cosimo Turi a (Swiss Re Group employee) was appointed as branch manager, replacing Mr. Stefan Kindler.

Business activities

In this section, we provide information about the business model, the strategy and significant events. *> Read more*

Performance

We present the performance of the year under review based on the Swiss statutory income statement. *> Read more*

Business activities

Re/insurance strategy and priorities

Strategy and priorities

iptiQ EMEA P&C S.A. has identified opportunities to provide simple, transparent and targeted insurance covers for non-life risks accessible through attractive digital user journeys. In the digital age, customer needs are becoming more diverse and require customised products rather than the standard product bundles still predominant in European markets. iptiQ EMEA P&C S.A. sees an attractive opportunity in offering both, simple and transparent products comprising individual product modules that are bundled together as well as customised covers related to the business-to-business partners´ products (eg modern covers, embedded covers, single item covers), consequently focusing on customers´ specific situations and their needs.

In addition to the unmet protection needs of the customers, many companies with large existing retail customer bases are searching for ways of further monetising their customer bases while expanding the scope of offerings they provide. Insurance is one such potential offering. It requires deep product and risk management as well as servicing expertise and capabilities. These companies are looking for partners such as iptiQ EMEA P&C S.A. to supply them with digitally enabled and customisable insurance offerings that fit their specific journeys and customer needs and provide additional value to their core business.

Outlook

In 2024, iptiQ EMEA P&C Zurich branch is expected to continue with its strategy to offer bespoke white label personal lines property and casualty insurance products to customers through a broader set of business-to-business partners. This includes focusing on the growth of its motor insurance portfolio.

Investments

Strategy and priorities

The general principle governing the management of the investments in iptiQ EMEA P&C Zurich branch is the creation of economic value on the basis of returns relative to the liability benchmark, while adhering to appplicable investment regulation in Switzerland, internal investment guidelines and the prudent person principle. The liability benchmark is determined by approximating an investable benchmark from projected liability cash flows. A cash benchmark is used for the economic surplus.

Outlook

iptiQ EMEA P&C Zurich branch expects another challenging year in light of the global and Swiss economic situation. Global economic growth is forecasted to slow from last year, inflation remains high compared to the recent years and the related high interest rate environment remains a challenge for the economic growth and in particular for the car sales market. ipitQ EMEA P&C Zurich branch thus enters the year with a cautious outlook.

Re/insurance and holding company

iptiQ EMEA P&C Zurich branch, domiciled in Zurich, Switzerland, is an insurance branch within the Swiss Re Group. iptiQ EMEA P&C Zurich branch is part of iptiQ EMEA P&C S.A.

Claims on and obligations towards affiliated companies – Swiss statutory

CHF	Affiliated companies 2022	Affiliated companies 2023
Premiums and other receivables from reinsurance	655 104	1 827 775
Re/insurance balances payable	459 085	1 767 332
Other liabilities	619 965	2 564 810

Report of the statutory auditor

In 2023, KPMG Audit S.à.r.l. was the auditor of iptiQ EMEA P&C S.A., Luxembourg, Zurich branch. For more information, please see the *Report of the statutory auditor*.

Performance

Income statement – Swiss statutory

CHF	2022	2023
Premiums written gross	943 341	6 000 616
Premiums written ceded	–849 698	–5 415 111
Premiums written net	**93 643**	**585 505**
Change in unearned premiums gross	–528 181	–2 636 974
Change in unearned premiums ceded	475 522	2 373 276
Premiums earned	**40 985**	**321 807**
Other re/insurance revenues		
Total revenues from insurance business	**40 985**	**321 807**
Claims paid and claims adjustment expenses gross	–317 940	–2 257 723
Claims paid and claims adjustment expenses ceded	286 658	2 031 951
Claims paid and claim adjustment expenses net	**–31 282**	**–225 772**
Change in unpaid claims gross	–131 927	–2 034 060
Change in unpaid claims ceded	118 745	1 830 652
Change in profit commissions gross		3 696
Change in profit commissions ceded		–3 326
Change in safety provision gross		–85 329
Change in safety provision ceded		76 796
Change in unpaid claims net	**–13 183**	**–211 571**
Claims incurred	**–44 465**	**–437 343**
Acquisition costs gross	–351 770	–560 798
Operating costs ceded	–2 954 336	–3 741 521
Acquisition costs and administration expenses gross	**–3 306 105**	**–4 302 319**
Acquisition costs and operating costs ceded	593 784	1 358 992
Acquisition costs and administration expenses net	**–2 712 322**	**–2 943 327**
Total expenses from insurance business	**–2 756 786**	**–3 380 670**
Insurance result	**–2 715 802**	**–3 058 863**
Invenstments		
Investment income	2 827	77 284
Investment expenses	–13 994	–9 273
Investment result	**–11 167**	**68 011**
Other financial expenses	–64	
Operating result	**–2 727 033**	**–2 990 852**
Other income	2 898	7 482
Other expenses	–477 166	–325 782
Other income and expenses	–474 268	–318 300
Income before income tax expense	**–3 201 301**	**–3 309 153**
Income tax expense		–1 808
Net Income	**–3 201 301**	**–3 310 960**

			Direct Inland Business									
	Total		Credit and Suretyship		General Liability		Fire and other damage to property insurance		Other motor insurance		Motor vehicle liability insurance	
CHF	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Premiums written gross	943 341	6 000 616	6 306	3 483	160 515	244 618	259 026	382 669	383 614	4 128 150	133 880	1 241 696
Premiums written ceded	–849 698	–5 415 111	–5 672	–3 133	–149 200	–220 196	–237 075	–344 394	–340 065	–3 715 336	–117 685	–1 132 053
Premiums written net	**93 643**	**585 505**	**634**	**350**	**11 315**	**24 422**	**21 951**	**38 276**	**43 549**	**412 814**	**16 196**	**109 643**
Change in unearned premiums gross	–528 181	–2 636 974	–122	715	–25 609	–42 789	–40 625	–47 403	–342 427	–1 990 798	–119 398	–556 698
Change in unearned premiums ceded	475 522	2 373 276	109	–643	23 096	38 509	36 949	42 662	307 562	1 791 719	107 806	501 028
Premiums earned	**40 985**	**321 807**	**621**	**422**	**8 801**	**20 142**	**18 275**	**33 535**	**8 684**	**213 735**	**4 604**	**53 973**
Other re/insurance revenues												
Total revenues from insurance business	**40 985**	**321 807**	**621**	**422**	**8 801**	**20 142**	**18 275**	**33 535**	**8 684**	**213 735**	**4 604**	**53 973**
Claims paid and claim adjustment expenses gross	–317 940	–2 257 723			–86 906	–103 267	–105 792	53 972	–44 484	–1 795 635	–80 759	–412 794
Claims paid and claim adjustment expenses ceded	286 658	2 031 951			74 158	98 620	97 934	90 572	40 192	1 626 790	74 375	215 968
Change in profit commissions		3 696						3 696				
Change in profit commissions ceded		–3 326						–3 326				
Change in unpaid claims gross	–131 927	–2 034 060	852	–599	–42 861	–38 698	–40 490	10 150	–38 588	–1 697 470	10 841	–307 443
Change in unpaid claims ceded	118 745	1 830 652	–769	538	38 544	34 829	36 423	–9 138	34 776	1 527 724	9 769	276 698
Change in safety provision		–8 533		–15		–301		–250		–6 228		–1 740
Change in unpaid claims net	–13 183	–211 571		–76		–4 170		1 132		–175 973		–32 484
Claims incurred	**–44 465**	**–437 343**	**83**	**–76**	**–17 065**	**–8 816**	**–11 924**	**145 677**	**–8 104**	**–344 818**	**–7 455**	**–229 310**
Acquisition costs gross	–351 770	–560 798	–2 351		–59 856	–6 800	–96 590	–248 444	–143 049	–230 896	–49 924	–74 657
Operating costs gross	–2 954 336	–3 741 521	–19 748	–2 172	–502 697	–152 525	–811 213	–238 603	–1 201 394	–2 573 996	–419 284	–774 266
Acquisition and operating costs ceded	593 784	1 358 992	3 964	595	104 264	–39 782	165 672	410 974	237 644	770 590	82 240	216 615
Acquisition and operating costs net	**–2 712 322**	**–2 943 327**	**–18 135**	**–1 577**	**–458 289**	**–199 107**	**–742 131**	**–76 073**	**–1 106 799**	**–2 034 302**	**–386 967**	**–632 268**
Other re/insurance expenses												
Total expenses from insurance business	**–2 756 786**	**–3 380 670**	**–18 052**	**–1 652**	**–475 354**	**–207 923**	**–754 054**	**69 603**	**–1 114 903**	**–2 379 120**	**–394 422**	**–861 578**
Result from the insurance business	**–2 715 802**	**–3 058 863**	**–17 432**	**–1 230**	**–466 552**	**–187 781**	**–735 779**	**103 138**	**–1 106 219**	**–2 165 385**	**–389 819**	**–807 605**

Total revenues and expenses from insurance business experienced a loss of CHF 3 058 863 in 2023, compared to a loss of CHF 2 715 802 in 2022.

The branch recorded a material growth in its gross written premium with an increase from CHF 943 341 in 2022 to CHF 6 000 616 in 2023. This is mainly due to the launch of the motor insurance product. Premiums earned increased from CHF 40 985 in 2022 to CHF 321 807 in 2023, while claims incurred increased from CHF 44 465 in 2022 to CHF 437 343 in 2023.

Investment result

Net investment loss increased from CHF 11 167 in 2022 to CHF 68 011 in 2023 compared to the prior year, mainly due to the decreasing fair values in the context of rising interest rates.

Investment result – Swiss statutory

CHF thousands	Income	Value readjustments	Realised gains and losses	2023 Total
Investment income				
Bonds	20 248	7 889		28 137
Short-term investments	398	48 748		49 147
Investment income	**20 647**	**56 637**		**77 284**

	Expenses	Value adjustments	Realised losses	2023 Total
Investment expenses				
Bonds		–1 300		–1 300
Short-term investments	–2 580			–2 580
Investment management expenses	–5 393			–5 393
Investment expenses	**–7 973**	**–1 300**		**–9 273**
Investment result	**12 673**	**55 337**		**68 011**

CHF thousands	Income	Value adjustment	Realised gains and losses	2022 Total
Investment income				
Bonds	2 827			2 827
Short-term investments				
Investment income	2 827			2 827

	Expenses	Value adjustments	Realised gains and losses	2022 Total
Investment expenses				
Bonds		–1 976		–1 976
Short-term investments	–968	–3 136		–4 105
Investment management expenses	–7 913			–7 913
Investment expenses	**–8 881**	**–5 113**		**–13 994**
Investment result	**–6 054**	**–5 113**		**–11 167**

Change in capital and retained earnings – Swiss statutory

CHF	Current account with Branch's head office	Retained earnings brought forward	Net result	Total
Beginning balance 1.1.2022	9 715 699	–7 924 855		1 790 843
Cash capital contribution	1 500 000			1 500 000
Net loss for financial year			–3 201 301	–3 201 301
Net capital and retained earnings 31.12.2022	**11 215 699**	**–7 924 855**	**–3 201 301**	**89 543**
Beginning balance 1.1.2023	11 215 699	–11 126 156		89 543
Cash capital contribution	9 213 372			9 213 372
Loss offsetting	–11 126 156	11 126 156		
Net loss for financial year			–3 310 960	–3 310 960
Net capital and retained earnings 31.12.2023	**9 302 915**		**–3 310 960**	**5 991 955**

Subsequent events

Following the balance sheet date and until the date of signing the annual accounts, a significant loss was recorded for the gross amount of CHF 199 000. The Company has a 90% quota share reinsurance to cover for this loss and will retain 10% of the loss in the 2024 financial statements.

Appendix

This appendix provides further information on the SST methodology and the valuation for solvency purposes. The scope, the legal basis and the components of the SST calculation are explained. The main valuation and scope differences between the SST balance sheet and the audited financial statements are summarised.

Methodology and valuation

Introduction

The SST is the solvency regime applicable to re/insurance entities and groups domiciled in Switzerland. The key principles of the SST are defined in the Insurance Supervision Ordinance (ISO) and in the FINMA circular 2017/03 on SST.

Swiss Re Group and its Swiss regulated entities submit their SST Report to FINMA. The SST report 2024 is filed with FINMA in April 2024. The published SST ratio is subject to FINMA's review and approval. Swiss Re applies an internal model to calculate the SST ratio, which is also subject to FINMA's approval.

The calculation of the SST ratio includes forward-looking elements. For factors that could affect the SST ratio, see > *Note on risk factors* and > *Cautionary note on forward-looking statements*.

Key principles

The SST is a market-consistent and risk-based approach to determine available and required capital, see also *FINMA SST Fact Sheet.* An entity is solvent under SST if the available capital (the SST risk- bearing capital) is equal or higher than the required capital (the SST target capital).

The SST ratio determines the solvency position of an entity. Prior to SST 2024, the ratio was calculated as:

$$\frac{\text{SST risk-bearing capital} - \text{market value margin}}{\text{SST target capital} - \text{market value margin}}$$

In accordance with the update of the ISO regulation with effect from 1 January 2024, the SST 2024 ratio is calculated as:

$$\frac{\text{SST risk-bearing capital}}{\text{SST target capital}}$$

The market value margin (ie, the run-off capital costs) is a reserve for capital costs. As of 1 January 2024, Art. 30 and Art. 35 of the ISO define that the market value margin is added as a liability to the SST risk-bearing capital and is no longer included in the SST target capital. The new definition of the SST ratio, SST risk-bearing capital and SST target capital has no impact on the value of the SST ratio.

SST risk-bearing capital

The SST risk-bearing capital is the amount of capital that is available to protect the policyholders of an entity in case of a large and unexpected adverse event.

The SST risk-bearing capital is derived as follows:

Market conform value of assets minus market conform value of liabilities
— Deductions
SST net asset value
+ Tier 1 risk-absorbing capital instruments counted towards core capital
SST core capital
+ SST supplementary capital
= SST risk-bearing capital

The SST net asset value (SST NAV) represents the difference between the market conform value of assets and the best estimate of liabilities, based on SST valuation principles, after deductions. All traded assets and liabilities are mark-to-market, based on quoted prices in active markets or observable inputs. Non-traded assets and liabilities are valued on a market-consistent basis. Insurance liabilities are valued on a market-consistent basis by replicating future best-estimate expected cash flows with liquid financial market instruments. As the majority of the insurance liabilities do not contain embedded financial market risks other than interest-rate risk, the market-consistent value of liabilities is determined by discounting estimated future cash flows using prevailing risk-free interest rates. If insurance liabilities include embedded options or guarantees (eg variable annuities or interest sensitive life business), they are valued on a market-consistent basis using stochastic models and other appropriate valuation techniques. Own debt not qualified as SST supplementary capital is valued using risk-free discounting, whereas debt qualified as supplementary capital is fair valued.

Other assets are valued based on market-consistent valuations or using US GAAP valuations where appropriate. Other liabilities mainly consists of securities sold under agreements to repurchase, securities sold short, payables for securities in transit and other creditors. Since other liabilities are not in the focus of re/insurance activities, as a simplification their valuation is aligned with US GAAP. Hence, securities sold short are valued based on market-consistent valuations, other creditors are valued based on the nominal, and lastly securities sold under agreements to repurchase and payables for securities in transit are valued based on amortised cost. Deferred tax assets and liabilities are not valued under SST. The value of a participation is based on the market conform value of assets minus market conform value of liabilities.

In accordance with Art. 32 ISO Swiss Re deducts projected dividends, capital repayments as well as deferred and transactional real estate specific taxes from the market conform value of assets and the best estimate of liabilities to derive SST NAV. No deductions are made for own shares and intangible assets, as these items are not valued in Swiss Re's SST balance sheet.

Tier 1 risk-absorbing capital instruments are added to the SST NAV to calculate core capital. It consists of the debt and hybrid instruments satisfying the conditions specified in Art. 37 ISO upon FINMA approval.

Art. 37 ISO allows specific risk-absorbing capital instruments to be added to the SST core capital as supplementary capital. These supplementary capital instruments are classified as Tier 1 and Tier 2 instruments and are eligible to be included in SST core capital resp. SST RBC subject to the conditions defined in Art. 34, Art. 37, and Art. 198d ISO and upon approval by FINMA. The supplementary capital consists of additional risk-absorbing capital instruments, such as hybrid debt. The eligibility of debt instruments as supplementary capital is defined in the ISO and subject to FINMA's approval.

Market value margin

The SST risk-bearing capital includes the minimum cost of holding capital after the one-year SST period until the end of a potential run-off period. Known as the MVM at the end of the risk assessment period, this represents the amount required to compensate a third party for the capital costs associated with running-off the insurance and reinsurance portfolio following a shortfall event. For a solo legal entity, only business assumed on the own book (including intra-group transactions) is considered; however, the consolidated view of Swiss Re Group also takes into account the business assumed through all its subsidiaries.

The MVM is calculated using the 99% shortfall on projected insurance and reinsurance exposure from the end of the solvency assessment period onwards, discounted back to the beginning of the period. The sum of the calculated present values is then multiplied by the 6% capital cost rate specified by FINMA.

SST target capital

The SST target capital represents the capital required to cover the risks assumed by the company. It is based on the company's total risk. In order to derive SST target capital, the total risk is adjusted for various items summarised under other impacts.

- An entity's total risk is measured in terms of 99% shortfall, ie the average unexpected loss at entity level that occurs with a frequency of less than once in 100 years over a one-year time horizon. All losses are a combination of insurance, financial market and credit losses, and accumulation as well as diversification between individual risks is taken into account.

- Other impacts include the impact from business development over the forecasting period, as well as requirements from FINMA that are not included in total risk as they are not consistent with Swiss Re's own risk view.

SST balance sheet

This Report includes a comparison of the SST balance sheet with audited financial statements. The consolidated financial statements of the Group are prepared in accordance with US GAAP. The statutory financial statements of Swiss Reinsurance Company Ltd, Swiss Re Nexus Reinsurance Company Ltd, Swiss Re International SE, Luxembourg, Zurich branch and iptiQ EMEA P&C S.A., Luxembourg, Zurich branch are based on Swiss law.

Valuation and scope differences with audited financial statements

	SST	US GAAP	Statutory
Actuarial assumptions	Best estimate	Non-life business: reinsurance contracts are accrued when insured events occur and are based on the estimated ultimate cost of settling the claims. Unearned premium reserves are calculated based on a "pro-rata" share of the estimated premium written, taking into account seasonality of risk when necessary Life and health business: assumptions are generally set when the contract is issued or purchased, making allowance for possible adverse deviation (PAD)	Non-life business: reinsurance contracts are accrued when insured events occur and are based on the estimated ultimate cost of settling the claims. Unearned premium reserves are calculated based on a "pro-rata" share of the estimated premium written, taking into account seasonality of risk when necessary; allowance for equalisation reserves Life and health business: best estimate with additional provisions for possible adverse deviations (PAD)
Valuation of cash-flows	Discounted using risk-free rates; market-consistent valuation of options and guarantees	Non-life business: generally no discounting Life and health business: generally discounted based on book yields, with a PAD applied; generally no market-consistent valuation of embedded options and guarantees; for some derivative instruments (eg, variable annuities) a full stochastic valuation is carried out	Non-life business: generally no discounting Life and health business: generally discounted at historical yields of assets backing liabilities, with a PAD applied; generally no market-consistent valuation of embedded options and guarantees; for some derivative instruments (eg, variable annuities) a full stochastic valuation is carried out
Capital generation from new business	Recognised upfront for all business	Deferred over time	Deferred over time for positive expectation (unearned premium reserve), immediately for negative expectation
Explicit margin for risk	MVM is included in the market conform valuation of liabilities. Valuation of subsidiaries on the balance sheet include MVM	No	No
Investment assets	Market values	Mostly market values, with some exceptions such as real estate investments and real estate for own use which are held at depreciated cost	Fixed income securities and short-term investment at amortised value, shares in investment funds at lower of cost or market value, loans at nominal value
Goodwill and intangibles	Not recognised	Recognised, goodwill subject to impairment test, some intangibles subject to amortisation and some to impairment	Normally no goodwill recognition; intangibles and potential goodwill amortised/depreciated on a straight line basis
Senior debt, subordinated debt and convertible instruments	Valuation at fair value excluding own credit risk, except for supplementary capital instruments which are valued at fair value with no adjustment[1]	Generally valued at amortised cost; for convertible instruments classification depends on the instrument's characteristics. They are either classified as debt at amortised costs or as equity	Generally valued at redemption value; all debt positions recognised as liabilities
Deferred taxes	No	Yes	No

Contract boundaries	Contracts incepted until 31 December 2023 as well as legal entity restructures and selected large transactions as of 1 January 2024	Contracts incepted until 31 December 2023	Contracts incepted until 31 December 2023
Minority interest	SST recognises minority interests in the proportional consolidation of assets and liabilities	Minority interest are recognised as part of the statement of shareholders' equity	No minority interests on standalone financial statement
Sub-consolidation principles for solo view	Some entities are sub-consolidated for SST reporting	Not applicable	No sub-consolidation applied for statutory reporting

[1] For the purpose of the balance sheet comparisons, SST may recognise subordinated debt and convertibles as supplementary capital for solvency assessment upon FINMA approval.

Comparison with audited financial statements

The balance sheet comparisons included in this Report are provided on an aggregated basis, which is explained in the following table (empty cells denote items that are not reflected in the respective view):

Account for comparison	SST accounts (as published)	US GAAP accounts (as published)	Statutory accounts (as published)
Assets:			
Real estate	▪ Real estate	▪ Investment real estate	
Investments in subsidiaries and affiliated companies	▪ Participations		▪ Investments in subsidiaries and affiliated companies
Fixed-income securities	▪ Fixed-income securities	▪ Fixed-income securities available-for-sale ▪ Fixed-income securities trading	▪ Fixed-income securities
Loans	▪ Loans	▪ Policy loans, mortgages and other loans[2]	▪ Loans
Mortgages	▪ Mortgages	▪ Policy loans, mortgages and other loans[2]	▪ Mortgages
Equity securities	▪ Equities	▪ At fair value through earnings	▪ Equity securities
Other investments	▪ Collective investment schemes ▪ Alternative investments ▪ Structured products ▪ Other investments	▪ Short-term investments, at fair value ▪ Other invested assets	▪ Shares in investment funds ▪ Short-term investments ▪ Alternative investments
Investments for unit-linked and with-profit business	▪ Financial investments from unit-linked life insurance	▪ Investments for unit-linked and with-profit business	
Cash and cash equivalents	▪ Cash and cash equivalents	▪ Cash and cash equivalents	▪ Cash and cash equivalents
Funds held by ceding companies and other receivables from reinsurance	▪ Deposits made under assumed reinsurance contracts ▪ Receivables from insurance business	▪ Premiums and other receivables ▪ Funds held by ceding companies	▪ Funds held by ceding companies ▪ Premiums and other receivables from reinsurance
Reinsurance recoverable from retrocessions	▪ Reinsurers' share of best estimate of provisions for insurance liabilities	▪ Reinsurance recoverable on unpaid claims and policy benefits	▪ Reinsurance recoverable from unpaid claims ▪ Reinsurance recoverable from liabilities life and health ▪ Reinsurance recoverable from unearned premiums ▪ Reinsurance recoverable from provision for profit commission
Other assets	▪ Receivables from derivative financial instruments ▪ Other receivables ▪ Fixed assets ▪ Accrued assets ▪ Other assets	▪ Accrued investment income ▪ Deferred acquisition costs ▪ Acquired present value of future profits ▪ Goodwill ▪ Income taxes recoverable ▪ Deferred tax assets ▪ Other assets	▪ Assets in derivative financial instruments ▪ Tangible assets ▪ Deferred acquisition costs ▪ Intangible assets ▪ Other receivables ▪ Accrued income ▪ Other assets

[2] This information is not disclosed separately under US GAAP. However, for the comparison, loan and mortgage figures are separated in order to align with the granularity of the SST accounts.

Account for comparison	SST accounts (as published)	US GAAP accounts (as published)	Statutory accounts (as published)
Liabilities:			
Reinsurance liabilities before retrocessions	■ Best estimate of provisions for insurance liabilities[3] ■ Market value margin	■ Unpaid claims and claim adjustment expenses ■ Liabilities for life and health policy benefits ■ Unearned premiums	■ Unpaid claims ■ Liabilities for life and health policy benefits ■ Unearned premiums ■ Provisions for profit commissions ■ Equalisation provision
Unit-linked and with profit liabilities	■ Best estimate of provisions for unit-linked life insurance liabilities[4]	■ Policyholder account balances[5]	
Debt	■ Interest-bearing liabilities ■ Subordinated debts	■ Short-term debt ■ Long-term debt	■ Debt ■ Subordinated liabilities
Funds held under reinsurance treaties	■ Deposits retained on ceded reinsurance	■ Funds held under reinsurance treaties	■ Funds held under reinsurance treaties
Other liabilities	■ Non-technical provisions ■ Liabilities from derivative financial instruments ■ Liabilities from insurance business ■ Accrued liabilities ■ Other liabilities	■ Reinsurance balances payable ■ Income taxes payable ■ Deferred and other non-current tax liabilities ■ Accrued expenses and other liabilities	■ Tax provisions ■ Provision for currency fluctuation ■ Other provisions ■ Liabilities from derivative financial instruments ■ Reinsurance balances payable ■ Accrued expenses ■ Other liabilities

[3] Excluding unit-linked life insurance.
[4] Before and after retrocession for direct insurance and active reinsurance.
[5] Policyholder account balances also includes some non-linked, non-participating universal life type contracts.

Drivers of change in SST net asset value

The change in SST NAV presented in this Report is attributed to the following drivers:
- Underwriting contribution: consists of new business impacts based on best estimate cash flow projections and risk-free discounting, and impacts on in-force business from experience variances, assumption changes and reserve releases
- Investment contribution: is derived from mark-to-market return on investments less the minimum risk benchmark return. The latter is the return on the theoretical investment portfolio that would minimise the financial market risk exposure of the entity
- Change in market value margin
- Change in SST capital costs
- Other contributions: consists particularly of other assets and liabilities and current taxes
- Capital movements: consists of dividends paid, capital repatriation and change of projected dividend
- Other, such as impact of foreign exchange movements and change in deferred and transactonal real estate specific taxes

The drivers of change in SST NAV are prepared on a best-effort basis to support the analysis of the SST NAV. The calculation of the SST NAV is based on the EVM balance sheet. With the adoption of IFRS, Swiss Re will discontinue EVM reporting with effect from the financial year starting 1 January 2024.

Cautionary note on forward-looking statements

Certain statements and illustrations contained herein are forward-looking. These statements (including as to plans, objectives, targets, and trends) and illustrations provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to a historical fact or current fact.

Forward-looking statements typically are identified by words or phrases such as "anticipate", "target", "aim", "assume", "believe", "continue", "estimate", "expect", "foresee", "intend" and similar expressions, or by future or conditional verbs such as "will", "may", "should", "would" and "could". These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause Swiss Re's (the "Group") actual results of operations, financial condition, solvency ratios, capital or liquidity positions or prospects to be materially different from any future results of operations, financial condition, solvency ratios, capital or liquidity positions or prospects expressed or implied by such statements or cause the Group to not achieve its published targets. Such factors include, among others:

- macro-economic events or developments including inflation rates, increased volatility of, and/or disruption in, global capital, credit, foreign exchange and other markets and their impact on the respective prices, interest and exchange rates and other benchmarks of such markets;
- elevated geopolitical risks or tensions which may consist of conflicts arising in and between, or otherwise impacting, countries that are operationally and/or financially material to the Group or significant elections that may result in domestic and/or regional political tensions as well as contributing to or causing macro-economic events or developments as described above;
- the frequency, severity and development of, and losses associated with, insured claim events, particularly natural catastrophes, human-made disasters, pandemics, social inflation litigation, acts of terrorism or acts of war, including the ongoing war in Ukraine as well as conflicts in the Middle East, and any associated governmental and other measures such as sanctions, expropriations and seizures of assets as well as the economic consequences of the foregoing;
- the Group's adherence to standards related to environmental, social and governance ("ESG"), sustainability and corporate social responsibility ("CSR") matters and ability to fully achieve goals, targets, ambitions or stakeholder expectations related to such matters;
- the Group's ability to achieve its strategic objectives;
- legal actions or regulatory investigations or actions, including in respect of industry requirements or business conduct rules of general applicability, the intensity and frequency of which may also increase as a result of social inflation;
- central bank intervention in the financial markets, trade wars or other protectionist measures relating to international trade arrangements, adverse geopolitical events, domestic political upheavals or other developments that adversely impact global economic conditions;
- mortality, morbidity and longevity experience;
- the cyclicality of the reinsurance sector;
- the Group's ability to maintain sufficient liquidity and access to capital markets, including sufficient liquidity to cover potential recapture of reinsurance agreements, early calls of debt or debt-like arrangements and collateral calls due to actual or perceived deterioration of the Group's financial strength or otherwise;
- the Group's inability to realise amounts on sales of securities on the Group's balance sheet equivalent to their values recorded for accounting purposes;
- the Group's inability to generate sufficient investment income from its investment portfolio, including as a result of fluctuations in the equity and fixed income markets, the composition of the investment portfolio or otherwise;
- changes in legislation and regulation or the interpretations thereof by regulators and courts, affecting the Group or its ceding companies, including as a result of comprehensive reform or shifts away from multilateral approaches to regulation of global operations;
- matters negatively affecting the reputation of the Group, its board of directors or its management;

- the lowering, loss or giving up of one of the financial strength or other ratings of one or more companies in the Group, and developments adversely affecting its ability to achieve improved ratings;
- uncertainties in estimating reserves, including differences between actual claims experience and underwriting and reserving assumptions, including in Life&Health and in Property&Casualty Reinsurance due to higher costs caused by pandemic-related or inflation and supply chain issues;
- changes in our policy renewal and lapse rates and their impact on the Group's business;
- the outcome of tax audits, the ability to realise tax loss carryforwards and the ability to realise deferred tax assets (including by reason of the mix of earnings in a jurisdiction or deemed change of control), which could negatively impact future earnings, and the overall impact of changes in tax regimes on the Group's business model;
- changes in accounting estimates or assumptions that affect reported amounts of assets, liabilities, revenues or expenses, including contingent assets and liabilities as well as changes in accounting standards, practices or policies, including the Group's decision to transition from US GAAP to IFRS beginning 1 January 2024;
- strengthening or weakening of foreign currencies;
- reforms of, or other potential changes to, benchmark reference rates;
- failure of the Group's hedging arrangements to be effective;
- significant investments, acquisitions or dispositions, and any delays, unforeseen liabilities or other costs, lower-thanexpected benefits, impairments, ratings action or other issues experienced in connection with any such transactions;
- extraordinary events affecting the Group's clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- changing levels of competition in the markets and geographies in which the Group competes;
- the effects of business disruption due to terrorist attacks, cyberattacks, natural catastrophes, public health emergencies, hostilities or other events
- limitations on the ability of the Group's subsidiaries to pay dividends or make other distributions; and
- operational factors, including the efficacy of risk management or the transition to IFRS as well as other internal procedures in anticipating and managing the foregoing risks.

These factors are not exhaustive. The Group operates in a continually changing environment and new risks emerge continually. Readers are cautioned not to place undue reliance on forwardlooking statements. The Group undertakes no obligation to publicly revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.

Note on risk factors

The operations, investments and other activities of Swiss Re Ltd ("SRL") and its subsidiaries (collectively, the "Group" or "Swiss Re") are subject to a range of risks that could adversely impact the Group's business, financial condition, results of operations, liquidity and cash flows.

General impact of adverse market conditions
Swiss Re's operations as well as its investment returns are subject to conditions in the financial markets and macroeconomic factors. Financial, credit and foreign exchange markets are experiencing continued periods of volatility reflecting a range of political, geopolitical, economic and other uncertainties, some of the more significant of which are inter-related, including inflation.

For example, in case of a claims occurrence, higher inflation may lead to higher replacement costs than anticipated. In Property & Casualty Reinsurance, due to inflation and supply chain issues, costs to rebuild and repair structures have significantly increased; respectively in Life & Health Reinsurance, potential increases in excess mortality and higher medical costs caused by residual impacts from the COVID-19 pandemic, such as long COVID or delayed medical care, may, as a result, represent a risk that Swiss Re's reserves may not be adequate to address such claims in the future.

Further adverse developments or the continuation of adverse trends that, in turn, have a negative impact on financial markets and economic conditions, could limit the Group's ability to access the capital markets and bank funding markets, could adversely affect the ability of counterparties to meet their obligations to the Group and could adversely affect the confidence of the ultimate buyers of insurance and reinsurance.

Any of the foregoing factors, developments and trends could have a material adverse effect on the Group's investment and overall results, make it difficult to determine the value of certain assets in the Group's portfolio, make it more difficult to acquire suitable investments to meet its risk and return criteria and otherwise have a material adverse effect on its business and operations.

Impact of the military conflict in Ukraine and other geopolitical developments
The ongoing military conflict in Ukraine as well as in the Middle East, sanctions, and other potential impacts on the global economic environment and currencies may cause demand for the Group's products to be volatile (particularly in Europe), cause abrupt changes in the Group's customers' buying patterns, result in higher than usual re/insurance claims (including in relation to aviation, marine and business interruption re/insurance claims), interrupt the Group's ability to supply products to these regions or to fulfil contractual obligations or limit customers' access to financial resources, which may impact such customers' ability to satisfy obligations to the Group. Events that may arise from or relating to geopolitical tensions, which may consist of conflicts arising in and between, or otherwise impacting, countries that are operationally and/or financially material to the Group or significant elections that may result in domestic and/or regional political tensions, may adversely impact the global economy and supply chain, banking and monetary systems, markets or customers of Swiss Re's products, including as a result of the enactment of associated governmental and other measures such as sanctions (which may include seizures, nationalisation or expropriations) or as a result of public or political pressure. Such events could adversely affect Swiss Re's results or operations.

Sustainability and environmental, social and governance activities and disclosures
Swiss Re's investors, shareholders, business partners, customers and other third parties, including regulators and public authorities, are increasingly focused on environmental, social and governance ("ESG"), sustainability and corporate social responsibility ("CSR") endeavours and reporting. Swiss Re's statutory ESG reporting requirements are due this year for the first time with respect to the 2023 financial year. Swiss Re is committed to net-zero greenhouse gas emissions by 2050.

Swiss Re may be subject to greater scrutiny when it comes to its own CSR, ESG and/or sustainability endeavours and reporting and commitment to net-zero greenhouse gas emissions by 2050. If Swiss Re does not adapt to or comply with the evolving investor, shareholder, business partner or third party, including regulators and public authorities, expectations and CSR, ESG and/or sustainability recommendations, standards, norms, metrics or regulatory requirements and/or does not meet its CSR, ESG and/or sustainability targets, goals and/or ambitions, Swiss Re can be perceived to have not responded appropriately to CSR, ESG and/or sustainability recommendations, standards, norms, metrics or regulatory requirements. Furthermore, Swiss Re may suffer from reputational damage and/or litigation or regulatory proceedings, which could result in its financial condition, results of operations, business and prospects being materially and adversely affected. In addition, changes and uncertainty in relation to policies or regulations regarding sustainability, ESG or CSR matters as well as the fragmentation of ESG legislation globally, may result in potential investigation and litigation, higher regulatory and compliance costs and increased capital expenditures, which could result in Swiss Re's financial condition being materially and adversely affected.

In addition, Swiss Re's investors, shareholders, business partners and third parties look to ESG rating systems, or disclosure frameworks that have been developed by third party groups to allow comparisons between companies on ESG factors as they evaluate investment decisions as well as company disclosures. Swiss Re does not participate in all of the available rating systems and may not necessarily score well in all of the available ratings systems. Further, the criteria used in these ratings systems change frequently, and Swiss Re cannot guarantee that it will be able to score well as criteria change. Failure to participate in certain third-party ratings systems, failure to score well in those ratings systems or failure to provide certain ESG disclosures could result in reputational damage, which could result in Swiss Re's financial condition, results of operations, business and prospects being materially and adversely affected.

Risk of unexpected and unintended issues related to claims and coverage, including social inflation

As industry practices and legal, judicial, social and other environmental conditions change, unexpected and unintended issues related to risk of claims and coverage may develop in an adversely different manner than originally anticipated may continue to emerge. Such issues have adversely affected, and may in the future adversely affect, the Group's business by either requiring it to extend coverage beyond its underwriting intent or by increasing the number or amounts of claims against the Group. For example, the trend of social inflation has increased liability claims against the Group in recent years. There has been an increase in severity of awards and settlements affecting excess and umbrella layers, particularly in the US, as well as an increase in commercial automotive and general liability claims. The Group has continued to pro-actively strengthen its reserves and has considered the latest information and outlook related to such claims, including in relation to economic and social inflation when making its reserve decisions. In addition, the Group closely monitors the intersection between social inflation, economic inflation and loss trend and intends to adjust its pricing accordingly. The Group intends to continue to manage its exposure to large corporate risks in line with its cautious view on social inflation. Despite the Group's various measures to address these issues, there remains uncertainty on how these unintended issues related to claims and coverage may impact the Group's business. If the Group's reserving and pricing is not adequate to cover these or other issues, there could be an additional adverse effect for the Group's business, financial condition or results of operations.

Insurance, operational and other risks

As part of the Group's ordinary course of operations, the Group is subject to a variety of risks, including risks that reserves may not adequately cover future claims and benefits; risks that catastrophic events (including natural catastrophes, such as hurricanes, cyclones, tornadoes, windstorms, hail storms, wildfires, floods and earthquakes, as well as extreme space weather events such as solar storms and geomagnetic activity, and man-made disasters, such as acts of terrorism, cyberattacks and other disasters such as explosions, industrial accidents and fires, as well as diseases, pandemics, epidemics and humanitarian crises) are inherently unpredictable in terms of both their frequency and severity (as well as heightened accumulation risk e.g. in the case of cyberattacks) and have exposed, and may continue to expose, the Group to unexpected large losses (and related uncertainties in estimating future claims in respect of such events); changes in the insurance industry that affect ceding companies, particularly those that further increase their sensitivity to counterparty risk; competitive conditions (including as a result of consolidation and the availability of significant levels of alternative capacity); cyclicality of the industry; risks related to emerging claims and coverage issues (including, in particular, social inflation); macro developments giving rise to emerging risks, such as climate change and technological developments (including greater exposure to cyber risks, where accumulation risk is yet to be fully understood, which could have a range of consequences from operational disruption, to loss of proprietary or customer data, to greater regulatory burdens and potential liability); risks arising from the Group's dependence on policies, procedures and expertise of ceding companies; risks related to investments and operations in emerging markets; and risks related to the failure of, or attacks directed at, the Group's operational systems and infrastructure (or those of its third party providers), including systems and infrastructure relating to IT, data storage and processing as well as accounting and control. Any of the foregoing, as well as the occurrence of future risks that the Group's risk management procedures fail to identify or anticipate, could have a material adverse effect on the Group, and could also give rise to reputational risk.

Financial and capital market risk

Volatility and disruption in the global financial markets could expose the Group to significant financial and capital markets risk, including changes in interest rates, credit spreads, equity prices, real estate prices and foreign currency exchange rates, which may adversely impact the Group's financial condition, results of operations, liquidity and capital position. The Group's exposure to interest rate risk is primarily related to the market price and cash flow variability associated with changes in interest rates. In general, a higher interest rate environment is beneficial to the insurance and reinsurance industries, supporting earnings capacity via higher investment income, despite mark-to-market volatility in short term. Additionally, an increase in interest rates generally results in an increase in the Group's Swiss Solvency Test ratio. Exposure to credit spreads primarily relates to market price and cash flow variability associated with changes in credit spreads. When credit spreads widen, the net unrealised loss position of the Group's investment portfolio can increase, as could other-than-temporary impairments.

The Group is exposed to changes in the level and volatility of equity prices, as well as the value of securities or instruments that derive their value from a particular equity security, a basket of equity securities or a stock index. The Group is also subject to equity price risk to the extent that the values of life-related benefits under certain products and life contracts, most notably variable annuity contracts, are wholly or partially exposed, directly and/or indirectly, to market fluctuations, including equity prices. To the extent market values fall, the financial exposure on guarantees related to these contracts would increase to the extent this exposure is not hedged. While the Group has an extensive hedging programme covering its existing variable annuity business, certain risks cannot be hedged, including actuarial, basis and correlation risks. Exposure to real estate originates from changes in property values. Foreign exchange risk arises from changes in spot prices, forward prices and volatilities of currency exchange rates.

The Group seeks to manage the risks inherent in its investment portfolio by repositioning the portfolio from time to time, as needed, and to reduce risk and fluctuations through the use of hedges and other risk management tools. These risks can have a significant effect on investment returns and market values of securities positions, which in turn may affect both the Group's results of operations and financial condition. The Group continues to focus on asset-liability management for its investment portfolio, but pursuing even this strategy has its risks, including a possible mismatch between investments and liability benchmarks.

Legal, regulatory and tax risks

In the ordinary course of business, the Group is involved in lawsuits, arbitrations and other formal and informal dispute resolution procedures, the outcomes of which determine the Group's rights and obligations under insurance, reinsurance or other contractual agreements. From time to time, the Group may institute, or be named as a defendant in, legal proceedings, and the Group may be a claimant or respondent in arbitration proceedings. These proceedings could involve coverage or other disputes with ceding companies, disputes with parties to which the Group transfers risk under reinsurance arrangements, disputes with other counterparties or other matters. The Group cannot predict the outcome of any of the foregoing, which could be material for the Group.

In the future, the Group could be involved in investigations and regulatory proceedings, which could result in adverse judgments, settlements, fines and other outcomes. These investigations and proceedings could relate to insurance or reinsurance matters, or could involve broader business conduct rules, including those in respect of market abuse, bribery, money laundering, sanctions, competition law, data protection and privacy or ESG, CSR or sustainability issues more generally as well as any other disclosure or accounting issues. The Group also is subject to audits and challenges from time to time by tax authorities, which could result in increases in tax costs, changes to internal structures and interest and penalties. Tax authorities may also actively pursue additional taxes based on retroactive changes to tax laws. The Group could be subject to risks arising from alleged, or actual, violations of any of the foregoing, and could also be subject to litigation or enforcement actions arising from potential employee misconduct, including non-compliance with internal policies and procedures, negligence and malfeasance, such as undertaking or facilitating cyber-attacks on internal systems. Substantial legal liability could materially adversely affect the Group's business, financial condition or results of operations or could cause significant reputational harm, which could seriously affect its business.

Changes in the legal, regulatory or tax environment

Swiss Re and its subsidiaries operate in a highly regulated environment, which continues to change over time. The regulatory regimes to which members of the Group are subject have changed significantly in recent years and are expected to continue to evolve. While most regulation is national in scope, the global nature of the Group's business means that its operations are subject to a patchwork of global, national and regional standards. Swiss Re and its subsidiaries are subject to group supervision and Swiss Re's subsidiaries are also subject to applicable regulation in each of the jurisdictions in which they conduct business, particularly Switzerland, the United States, Luxembourg and Singapore. Swiss Re, as well as its Swiss-regulated entities, is subject to the Swiss Solvency Test and, through its legal entities and branches organised in the European Economic Area, Solvency II.

In Switzerland, where, among other operating and non-operating legal entities, Swiss Re's holding SRL and ultimate operating legal entity Swiss Reinsurance Company Ltd are located, the partial revision of the Swiss Insurance Supervision Act and Swiss Insurance Supervision Ordinance entered into force on 1 January 2024. The revision includes various changes, some of which may lead to higher compliance and legal costs, the possibility of higher operational, capital and liquidity costs as well as the risk of losing business due to the new regulation on (re)insurance intermediaries. As a result of the partial revision of the Swiss Insurance Supervision Act and Swiss Insurance Supervision Ordinance, FINMA is revising the downstream regulation with the changes expected to enter into force on 1 September 2024.

While certain regulatory processes are designed in part to foster convergence and achieve recognition of group supervisory schemes, the Group continues to face risks of extraterritorial application of regulations, particularly as to group supervision and group solvency requirements. In addition, regulators in jurisdictions beyond those where the Group has core operations increasingly are playing a greater oversight role, requiring more localised resources and, despite a predominantly local focus, also raise issues of a cross border nature. Furthermore, evolving regulatory schemes and requirements may be inconsistent or may conflict with each other, thereby subjecting the Group, particularly in light of the increasing focus on legal entities in isolation and fragmented jurisdictional approaches to ESG supervision for example, to higher compliance and legal costs and risks, as well as the possibility of higher operational, capital and liquidity costs.

In December 2022, the Financial Stability Board ("FSB") endorsed the International Association of Insurance Supervisors' ("IAIS") Holistic Framework ("HF") for assessing and mitigating systemic risk and discontinued its identification of global systemically important insurers ("G-SIIs"). However, discussions on the identification of domestic systemically important insurers ("D-SIIs") are still ongoing in certain jurisdictions. The IAIS HF embraces an enhanced set of policy measures targeted at the exposures and activities that can lead to systemic risks from the insurance sector. The Group cannot predict what additional regulatory changes will be implemented as the IAIS systemic risk process evolves and what any such changes may mean for how the Group is structured in any particular jurisdiction and how aspects of its business may be affected.

Large internationally active insurance groups ("IAIGs"), which are identified by group-wide supervisors based on IAIS defined criteria, are expected to become subject to a risk-based group-wide global insurance capital standard ("ICS"). ICS Version 2.0 was adopted in November 2019 for a five-year confidential reporting period during which time no supervisory action will be taken on the basis of the monitoring. A revised Candidate ICS as a Prescribed Capital Requirement ("PCR") version of the ICS was consulted on during 2023 with a planned adoption at year-end 2024 ahead of becoming a PCR in 2025. In November 2019, the IAIS also adopted the Common Framework for the Supervision of Internationally Active Insurance Groups ("ComFrame"), as well as some changes to a number of Insurance Core Principles ("ICPs") – principles and standards on supervision of insurers which apply to insurance companies regardless of size and international exposures. ComFrame strengthens ICP requirements for IAIGs and, inter alia, proposes that the group-wide supervisor, in consultation with the host supervisors, should exercise discretion in requiring IAIGs to submit recovery plans. Swiss Re has been classified as an IAIG.

The Group can neither predict which legislative and/or regulatory initiatives will be enacted or promulgated, nor their scope and content, their date of enactment or their implications for the industry, in general, and for the Group, in particular. The Group may be subject to changes in views of its supervisors in respect of the models that the Group uses for capital and solvency purposes, and could be adversely affected if, for example, it is required to use standard models rather than internal models. Generally, legal and regulatory changes could have a material impact on the Group's business.

Regulatory changes also could occur in areas of broader application, such as competition policy and tax laws. For example, changes in tax laws, or the interpretation of the tax laws or tax regulations in jurisdictions in which the Group does business, or withdrawals of tax rulings in jurisdictions such as Switzerland that have issued such rulings to Swiss Re, could increase the level of taxes the Group pays, or impact the attractiveness of products offered by the Group, the Group's investment activities or the value of deferred tax assets. These changes, or inconsistencies between the various regimes that apply to the Group, could increase the costs of doing business (including due to increased capital requirements), reduce access to liquidity, limit the scope of current or future business or affect the competitive balance, or could make reinsurance less attractive to primary insurers. In 2023, some countries, including Switzerland, introduced Base Erosion and Profit Shifting (BEPS), a minimum tax scheme related to the OECD initiative to get to a worldwide minimum taxation of 15% (and other countries are expected to follow in 2024. The rules will impact the overall tax payments of the Group and will significantly increase Swiss Re's tax compliance cost.

Risks relating to credit rating downgrades
Ratings are an important factor in establishing the competitive position of (re)insurance companies. Third party rating agencies assess and rate the financial strength of (re) insurers, such as Swiss Re. These ratings are intended to measure a company's ability to repay its obligations and are based upon criteria established by the rating agencies. Ratings may be solicited or unsolicited.

The Group's solicited ratings reflect the current opinion of the rating agencies with whom we maintain an interactive rating relationship for the purpose of solicited ratings. One or more of the Group's ratings could be downgraded or withdrawn in the future, or the Group may decide to give up such rating voluntarily. In addition, unsolicited ratings may also be downgraded or withdrawn, such as the downgrade in April 2020 of unsolicited insurer financial strength and long-term issuer default ratings assigned to various entities within the Group. Rating agencies may, in their sole discretion, increase the frequency and scope of ratings reviews, revise their criteria or take other actions that may negatively impact the Group's ratings and/or the ratings of its legal entities, which it cannot predict. In addition, changes to the process or methodology of issuing ratings, changes in regulation, or the occurrence of events or developments affecting the Group, could adversely affect the Group's existing ratings or make it more difficult for the Group to achieve improved ratings which it would otherwise have expected. In particular, it is possible that the Group's ratings could be negatively affected by a range of factors such as challenging market environment, the level of natural catastrophe losses, underwriting performance, adequacy of reserves, changes in senior management, economic trends and financial market performance on the Group. Any of the foregoing, or a combination of the foregoing, could have a negative impact on the Group's business.

As financial strength ratings are a key factor in establishing the competitive position of (re) insurers, a decline in ratings of Swiss Re and/or the ratings of its key rated legal entities could make (re)insurance provided by the Group less attractive to clients relative to (re) insurance from competitors with similar or stronger ratings. A decline in ratings could also cause the loss of clients who are required by either policy or regulation to purchase (re) insurance only from (re)insurers with certain ratings, or whose confidence in the Group is otherwise diminished. Certain larger (re)insurance and derivative contracts may contain terms that would allow the ceding companies or counterparties to terminate the contract if the Group's ratings or those of its subsidiaries are downgraded beyond a certain threshold. Furthermore, ratings directly impact the availability and terms of unsecured financing (potentially impacting both the Group's ability to rollover existing facilities and/or obtain new facilities) and declines in the Group's ratings or the ratings of legal entities within the Group could also obligate the Group to provide collateral or other guarantees in the course of its business or trigger early termination of funding and/or derivative arrangements. As a ratings decline could also have a material adverse impact on the Group's costs of borrowing or ability to access the capital markets, the adverse implications of a downgrade could be more severe.

Coronavirus
The global spread of the coronavirus and the disease it causes ("COVID-19"), and the actions taken to slow the spread of the pandemic, have had an adverse impact on communities, social and business interactions, economic activities and economies across the globe, particularly during the 2020–2022 period, with the global insurance industry facing adverse claims for additional healthcare costs and higher mortality rates, as well as pandemic-related litigation in a number of jurisdictions. Although, increased global vaccination rates and effective implementation of control measures, the economic and insurance industry impact of COVID-19 and its consequences have been largely mitigated, new developments, such as new strains of the virus which risk becoming vaccine resistant, consequences brought by long-COVID 19, recurring spreads of COVID-19 or lockdown measures, could pose threats to the global economy.

Use of models; accounting matters

The Group is subject to risks relating to the preparation of estimates and assumptions that its management uses, for example, as part of its risk models as well as those that affect the reported amounts of assets, liabilities, revenues and expenses in the Group's financial statements (such as assumptions related to the Group's capital requirements and anticipated liabilities), including assumed and ceded business. For example, the Group estimates premiums pending receipt of actual data from ceding companies, which actual data could deviate from the estimates (and could be adversely affected if premiums turn out to be lower, while claims stay the same). In addition, particularly with respect to catastrophic events, it may be difficult to estimate losses, and preliminary estimates may be subject to a high degree of uncertainty and change as new information becomes available. Deterioration in market conditions could have an adverse impact on assumptions used for financial reporting purposes, which could trigger a potential impairment of various assets and liabilities, including goodwill. Moreover, regulators could require the use of standard models instead of permitting the use of internal models. To the extent that management's estimates or assumptions prove to be incorrect, it could have a material impact on underwriting results (in the case of risk models) or on reported financial condition or results of operations (in the case of accounting judgments), and such impact could be material.

The Group's results may be impacted by changes in accounting standards, or changes in the interpretation of accounting standards. Changes in accounting standards could impact future reported results or require restatement of past reported results. The Group's results may also be impacted if regulatory authorities take issue with any conclusions the Group may reach in respect of accounting matters. This applies to the financial reporting under US GAAP until end of 2023 and under IFRS from 2024 onwards. Our adoption of IFRS for the Group's consolidated accounts may also result in additional complexity in our financial reporting, including the publication of financial information, or other unexpected impacts.

The Group uses non-GAAP financial measures in its external financial reporting. These measures are not prepared in accordance with US GAAP or any other comprehensive set of accounting rules or principles and should not be viewed as a substitute for measures prepared in accordance with US GAAP. Moreover, these may be different from, or otherwise inconsistent with, non-GAAP financial measures used by other companies. These measures have inherent limitations, are not required to be uniformly applied and are not audited.

In its 2023 annual report, the Group included a separate section in respect of its results, including financial information, prepared in accordance with the Group's proprietary economic value management ("EVM") principles ("EVM section"). Financial information included in the EVM section contains non-GAAP financial measures. The EVM principles differ significantly from US GAAP and, accordingly, the Group's results prepared in accordance with US GAAP will differ from its EVM results, and those differences could be material. The Group's annual EVM results can be more volatile than the US GAAP results because, among others, assets and liabilities are measured on a market consistent basis, profit recognition on new contracts is recognised at inception rather than over the lifetime of the contract, and life and health actuarial assumptions are on a best estimate basis as opposed to generally being locked-in. The Group's EVM financial information should not be viewed as a substitute for the Group's US GAAP financial statements. In respect of the financial year starting 1 January 2024 and thereafter, Swiss Re Group will no longer report EVM results.

Credit risk

If the credit markets were to deteriorate, the Group could experience losses. Changes in the market value of the underlying securities and other factors impacting their price could give rise to market value losses. The Group could also face write-downs in other areas of its portfolio, including other structured instruments, and the Group and its counterparties could face difficulties in valuing credit-related instruments. Differences in opinion with respect to valuations of credit-related instruments could result in legal disputes among the Group and its counterparties as to their respective obligations, the outcomes of which are difficult to predict and could be material. The Group is also subject to credit and other risks in its credit business, including reliance on banks that underwrite and monitor facilities in which the Group participates and potential default by borrowers under those facilities.

Liquidity risks
The Group's business requires, and its clients expect, that it has sufficient capital and sufficient liquidity to meet its (re)insurance obligations, and that this would continue to be the case following the occurrence of any foreseeable event or series of events, including extreme catastrophes, that would trigger insurance or reinsurance coverage obligations. The Group's uses of funds include, among other things, payment of its obligations arising in its insurance and reinsurance businesses (including claims and other payments as well as insurance provision repayments due to portfolio transfers, securitisations and commutations), which may include large and unpredictable claims (including catastrophe claims), funding of capital requirements and operating costs, payment of principal and interest on outstanding indebtedness and funding of acquisitions. The Group also has unfunded capital commitments in its private equity and hedge fund investments, which could result in funding obligations at a time when it is subject to liquidity constraints. In addition, the Group has potential collateral requirements in connection with a number of reinsurance arrangements, the amounts of which may be material and the meeting of which could require the Group to liquidate cash equivalents or other securities.

The Group manages liquidity and funding risks by focusing on the liquidity stress that is likely to result from extreme capital markets scenarios or from extreme loss events or combinations of the two. Generally, the ability to meet liquidity needs could be adversely impacted by factors that the Group cannot control, such as market dislocations or interruptions, adverse economic conditions, severe disruption in the financial and worldwide credit markets and the related increased constraints on the availability of credit; changes in interest rates, foreign exchange rates and credit spreads; or by perceptions among market participants of the extent of the Group's liquidity needs.

Unexpected liquidity needs (including to meet collateral calls) could require the Group to increase levels of indebtedness or to liquidate investments or other assets. Should the Group require liquidity at a time when access to bank funding and the capital markets is limited, it may be unable to secure new sources of funding. The Group's ability to meet liquidity needs through asset sales may be constrained by market conditions and the related stress on valuations. In addition, the Group's ability to meet liquidity needs through the incurrence of debt may be limited by constraints on the general availability of credit in the case of bank funding, and adverse market conditions, in the case of capital markets debt. Failure to meet covenants in lending arrangements could further constrain access to liquidity. The Group's ability to meet liquidity needs may also be constrained by regulatory requirements that require regulated entities to maintain or increase regulatory capital, or that restrict intragroup transactions, the timing of dividend payments from subsidiaries or the fact that certain assets may be encumbered or are otherwise not tradeable. Finally, any adverse ratings action against the Group could trigger a need for further liquidity (for example, by triggering termination provisions or margin calls/collateral delivery requirements in contracts to which Swiss Re is a party) at a time when the Group's ability to obtain liquidity from external sources is limited by such ratings action. See also "Risks relating to credit rating downgrades."

Counterparty risks
The Group is exposed to the risk of defaults, or concerns about defaults, by its counterparties. Issuers or borrowers whose securities or loans the Group holds, trading counterparties, counterparties under swaps and other derivative contracts, clearing agents, clearing houses and other financial intermediaries may default on their obligations to the Group due to bankruptcy, insolvency, restructuring, regulatory intervention, lack of liquidity, adverse economic conditions, operations failure, fraud or other reasons, which could also have a material adverse effect on the Group. The Group

has increased its allocation to higher return-generating strategies, including high-quality corporate debt and some alternative assets, which tend to also be subject to potentially greater counterparty risk than government bonds.

The Group could also be adversely affected by the insolvency of, or other credit constraints affecting, counterparties in its insurance and reinsurance operations. Moreover, the Group could be adversely affected by liquidity issues at ceding companies or at third parties to whom the Group has retroceded risk, and such risk could be exacerbated to the extent any such exposures are concentrated.

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